

Annua





የኢትዮጵያ ንግድ ባንክ COMMERCIAL BANK OF ETHIOPIA







Forex ATM



Mobile Banking



Internet Banking



Visa Cards



and many more...

All Under One Roof

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PROFILE

- Established in 1942.
- Pioneer to introduce Automated Teller Machine (ATM) to Ethiopia.
- Introduced Western Union Money Transfer Services to Ethiopia.
- Plays a catalytic role in the economic growth of the country.
- ⇒ Had 1,137 branches across the country as at June 30, 2016.
- Strong correspondent relationship with about 48 renowned foreign banks, and SWIFT bilateral key arrangement with 723 others.
- Had about 13.3 million account holders as of June 30, 2016.
- Strong assets position of Birr 384.7 billion as of June 30, 2016.
- ⇒ Had 28,467 committed employees.

VISION

To Become a World-Class Commercial Bank by 2025.

MISSION

We are committed to best realize stakeholders' values through enhanced financial intermediation globally and supporting national development priorities by deploying highly motivated, skilled and disciplined employees as well as state-of-the-art technology. We strongly believe that winning public confidence is the basis of our success.

VALUES

INTEGRITY

- We are committed to the highest ideals of honor and integrity.
- ◀ We strive to act in an honest and trustworthy manner.
- We firmly adhere to ethical principles.

CUSTOMER SATISFACTION

- ◀ We strive to excel in our busness and satisfy our customers.
- ◀ We are committed to offer the highest quality service to our customers and aspire to be branded with quality in the minds of our customers and the general public.

EMPLOYEE SATISFACTION

- We are committed to employee training and professional growth.
- We distinguish our employees as valuable organizational resources.
- We recognize our employees for their achievements.

LEARNING ORGANIZATION

- We are committed to anticipate and respond to internal and external changes through constant improvement and adaptation.
- We strive to establish a culture that nurtures individual and group learning.

TEAMWORK AND COLLABORATION

- We recognize the importance of teamwork for our success.
- We support one another and work co-operatively.

PUBLIC TRUST

■ We understand that the sustainability of our business depends on our ability to maintain and build confidence.

VALUE FOR MONEY

- We use resources carefully to save expense, time and effort.
- We deliver the same level of service for less cost, time and effort.
- We deliver a better service for getting a better return for the same amount of expense, time and effort.

DECENTRALIZATION

■ We are committed to delegate operations and decision-making responsibilities.

CORPORATE CITIZENSHIP

- We value the importance of our role in national development endeavor.
- We abide by the laws of Ethiopia and other countries in which we do business.
- We care about society's welfare and the environment.

BOARD OF DIRECTORS



• H.E Yinager Dessie (PhD)

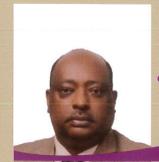
Board Chairman



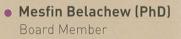
• H.E Ato Siraj Fegessa Board Member







• Ato Admasu Nebebe Board Member





• Ato I

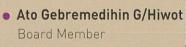
• Ato Debebe Abera Board Member

• Ato Nebiyu Samuel
Board Member





• Ato Solomon Engida Board Member





THE PROCESS COUNCIL



Ato Bekalu Zeleke
President









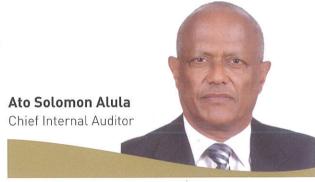




Woizero Meseret Asfaw
Facilities Management
Vice President





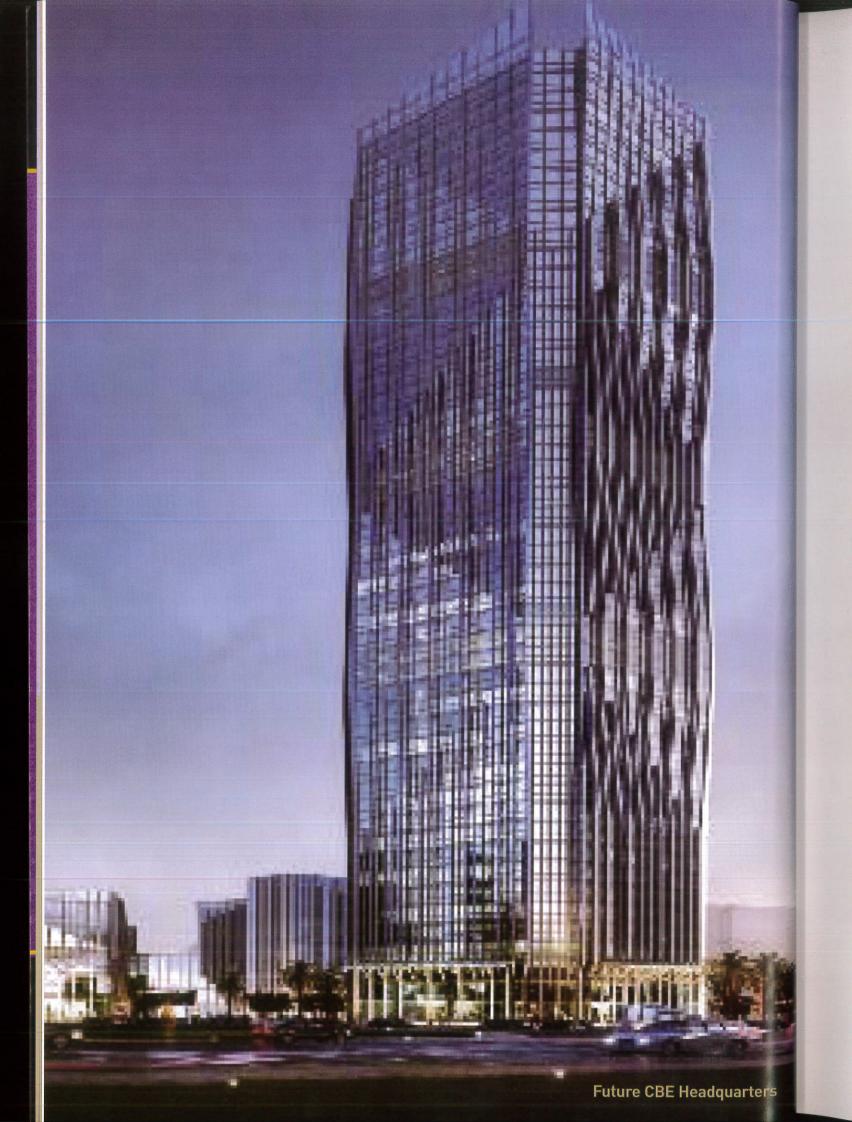












FINANCIAL HIGHLIGHTS

Particulars (Mn. Birr)	2013/14	2014/15	2015/16
Annual Operating Results			
Total Income	17,797	23,213	27,683
Interest Income	11,997	16,769	21,444
Non-Interest Income	5,800	6,443	6,239
Total Expenses	7,848	10,509	13,968
Interest Expenses	3,438	4,884	6,422
Non-Interest Expenses	4,410	5,625	7,546
Profit Before Tax	9,949	12,703	13,715
Net Profit for the Year	6,890	8,770	9,339
Balance Sheet Status			à
Total Assets	244,128	305,075	384,693
Total Liabilities	233,036	291,754	368,588
Capital and Reserve	11,092	13,321	16,105
Non-financial Performance			
Number of Branches	832	965	1,137
Number of Employees	18,524	22,908	28,467
Profitability (%)			
Net Interest Margin	4.3	4.5	4.6
Return on Assets	4.4	5.1	4.0
Return on Equity	98	132.6	95.7
Capital Adequacy (%)			
Capital Adequacy Ratio	12.9	13.2	12.9



I am pleased to report that the Commercial Bank of Ethiopia has gained a 13.7 billion birr gross profit for the FY of 2015/16. This was achieved against the background of depressed global primary commodity prices and massive drought that affected over ten million people.

CBE managed to mobilize 46.7 billion birr incremental deposit and injected about 92 billion birr fresh loans into the economy, which is 52.6 percent of the loan disbursed by the banking industry.

Thanks to CBE's vision, strategy, the value it cherishes to service excellence and the committed employees as well as the leadership, 2015/16 was a successful year when the Commercial Bank of Ethiopia once again ascertained its steady leadership in the industry. The successful absorption of the

former Construction and Business Bank by CBE in this same year was also another event that adds impetus to the fast growth of the Commercial Bank of Ethiopia. The process itself was full of interesting events from which the banking industry stands to draw important lessons.

The bank continued with its branch network and customer base expansion so as to base its loanable fund mobilization on solid basis. It also increased its electronic banking services coverage. The production, distribution and activation of electronic cards, the deployment of ATMs and POS terminals further strengthened access to the services of the bank.

It is appropriate to note here the supportive role the domestic economy played in the success of CBE. With 8 percent real GDP grown Ethiopia has continued to be one of the facest growing countries in Sub-Saharan Africa. Government policies and strategies have enhanced investment activities and created conducive atmosphere for the banking sector. Though drop in prices of primary export items in the global market impacted negatively on FCY inflow during the period, the bank encouraged and supported businesses to increase their export volume and compensate for the shortfall.

CBE has also embarked on the implementation of Corporate Business Strategy for the 2015/16-2019/20. Resource mobilization remains at the heart of the five-very strategy with a view to meeting and supporting the high credit demand, national development priorities and meeting the financial needs of the private sector. New implementation strategies and policies based on a ssons drawn from the preceding five ar strategy were central to the initial ves implemented during the year.

The Human Resources Development (HRD)
Strogy of the bank continues to be the key initive in realizing operational excellence an Dusiness growth. The Commercial Bank of miopia has continued to implement phase for of the strategy program in collaboration with Frankfurt School of Finance and Magement. Under the program, Learning and Development, Employee Performance Magement (PMS), Career and Succession Magement programs are well underway.

To properly support the learning and development program, CBE has dedicated its new 12-storey building to become a Center of Excellence.

Information Technology projects that have decisive contributions to modernize the overall banking operation, including back offices, and to support the strategic objectives were also launched during the fiscal year under review.

The remarkable achievements registered in the year would not have been possible without the thoughtful guidance of the Board of Directors and the commitment of our employees, not to mention the trust and confidence placed upon us by our esteemed customers. I would like, therefore, to take this opportunity to express my gratitude to all who have contributed to this great achievement. I am also confident that the success scored during the just concluded fiscal year will be repeated in the coming years as well.

Bekalu Zeleke President

1. Global and Domestic Economic Highlights

1.1 Global Economy

Global output growth is estimated to have grown by 3.1% in 2016. Advanced economies grew by 1.8% and the developing economies by 4.1%. Developing economies faced stronger headwinds, due to weaker growth among advanced economies and persistently low commodity prices as well as reduced global trade and capital flows (IMF, July 2016).

Growth in Sub-Saharan Africa remained weak at 1.6%, lower than the rate registered in 2015. However, it is projected to pick up to 3.3% in 2017, helped by a small rebound in commodity prices. Resource inten-



sive countries have suffered from the decline in commodity prices and the region's frontier markets are adversely affected by tighter global financial conditions. The effect of a decline in oil prices for oil-importing countries has been smaller than expected as many of these economies export other nonrenewable resources whose prices have also dropped compared to the past.

In the past few years, world trade performance has been sluggish, mainly due to slow and uneven recovery in major developed countries and moderate growth in developing countries. As a result, world trade is estimated to have grown by 3.1% in 2016. Weak commodity prices, increased exchange-rate volatility and economic slowdown in many emerging countries, including China, continued to put downward pressures on trade flows. However, stronger demand in the United States and Europe is likely to offset the downward pressures and contribute to global trade growth revival in the coming year.

By and large, economic conditions remain challenging for commodity exporters, that continue to struggle to adjust to the new era of low prices. In contrast, commodity importers show greater resilience although the expected growth windfall from low energy prices has been modest due to low prices of non-energy primary commodities exported by these countries.

1.2 Ethiopian Economy

Despite challenging macroeconomic and weather conditions, the Ethiopian economy has registered 8% growth in 2015/16. The real GDP growth was lower by 3.2% from the base case scenario set under GTP II target set for the fiscal year, although it was higher than the average growth estimated for Sub-Saharan Africa (NBE, 2015/16).

In 2015/16, though agriculture still remained the dominant sector, it registered a slow growth rate of 2.3%, largely due to the contraction in grain crop production as a result of El Nino. Moreover, its share in GDP diminished to 36.7%, lower than the preceding year performance of 38.7% and the GTP II target of 37.5% for the fiscal year.

On the other hand, the industrial sector grew by 20.6% and constituted 16.7% of GDP. During the fiscal year, the sector contributed 38.8% to the overall economic growth.

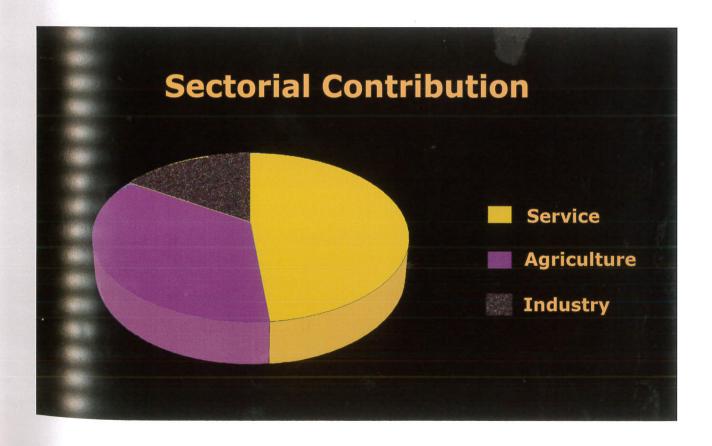
The service sector continued to dominate the economy. The contribution of the sector to GDP growth reached about 50%, implying that half of the country's economic growth was the contribution of the service sector.

Domestic saving increased by 20.1% and its ratio to GDP improved to 22.4% from 21.9% a year ago. but slightly lower than the target. Similarly, total consumption expenditure increased by 17.1% in 2015/16. The annual average headline inflation was 9.7% during the fiscal year compared with the 7.7% of 2014/15, largely because of a 3.7% increase in food and non-alcoholic beverage prices.

The fiscal year under review witnessed poor performance in merchandise exports which dropped by 5% over the preceding year due to the decline of international commodity prices in some of the export items. Similarly, net services receipts decreased by 161% due to the rise in outflows of construction services. In contrast, net private transfers and public transfers grew by 18.6% and 3.2%, respectively.

The total merchandise import registered a growth of 1.6% owing to higher import bill of consumer goods and semi-finished goods. As a result, Ethiopia's external sector performance exhibited a widening deficit in its trade, current account (including official transfers), capital account and overall balance of payments.

In general, Ethiopia has seen not only economic growth but also improvements in income inequality and decline in poverty during the fiscal year. Per capita income increased to USD 794 from USD 725 a year ago; and poverty is estimated to have dropped to about 23%



2. Financial Statement Analysis

2.1 Income Statement Analysis

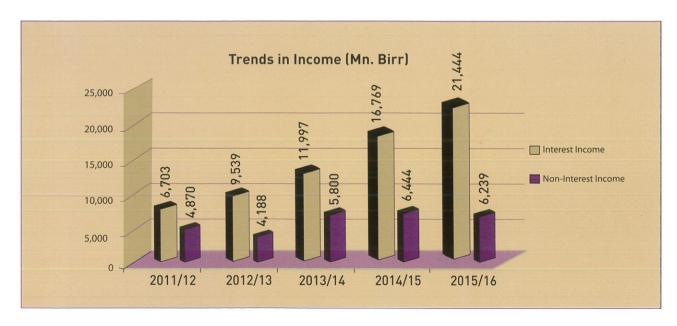
At the end of the fiscal year, the total income of CBE reached Birr 27.7 billion, up by 19.3% from the preceding year performance of Birr 23.2 billion. This was mainly due to growth in interest income. From the total income, foreign banking operations generated about Birr 5 billion, representing 18.1% of the total income.

The total expense of the bank amounted to about Birr 14 billion, depicting an increase of 32.9% over 2014/15. This is primarily due to the rise in both interest and non-interest expenses.

Particulars 2014/2015 2015/2016 Growth (%) Total Income 23,213 27,683 19.3 16,769 27.9 Interest Income 21.444 Non-Interest Income 6,444 6,239 [3.2]Total Expenses 10,509 32.9 13,968 Interest Expense 4,884 31.5 6,422 Non-Interest Expense 5,625 7.546 34.2 **Profit Before Tax** 12,703 13,715 8.0

Trends in Income Statement (Mn. Birr)

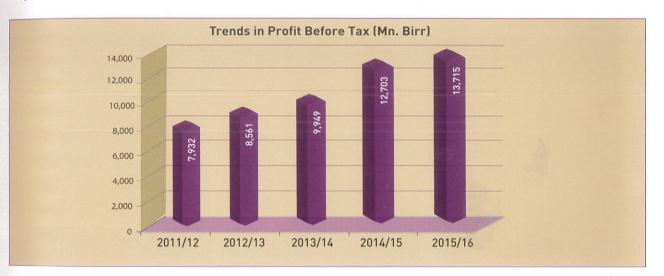
Trends in total income of CBE indicate a steady growth in the past five years, largely due to a consistent growth in interest income.



During the past five years, the total expenses of the bank consistently increased mainly due to the stable growth in both interest and non-interest expenses.

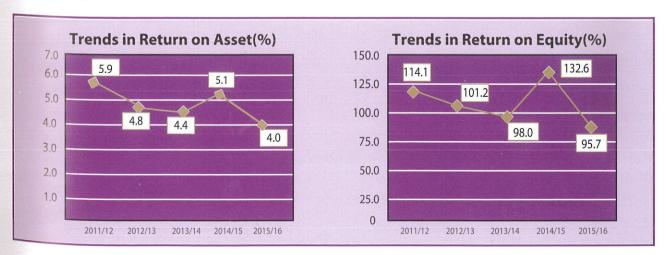


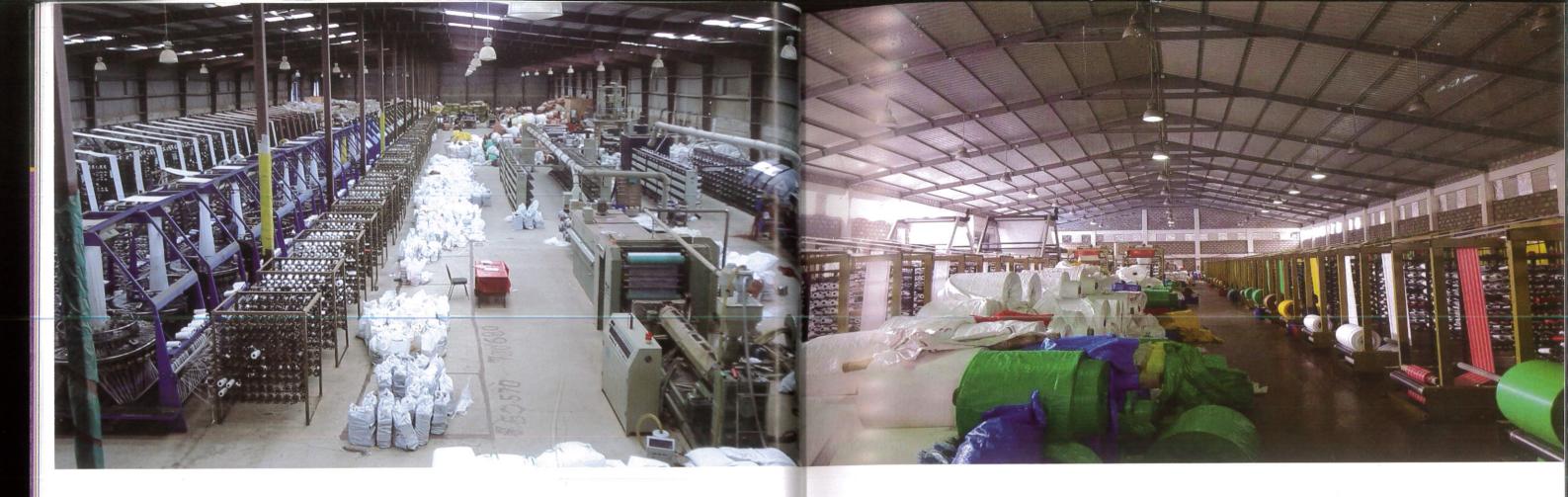
Profit before tax depicts a stable growth in the past five years and stood at Birr 13.7 billion in 2015/16. Similarly, the net profit of CBE continuously increased and reached Birr 9.3 billion, representing an increase of 6.5% compared to the preceding year.



2.2 Profitability Indicators

Return on Asset (RoA) and Return on Equity (RoE) ratios of the bank, which were 4% and 95.7%, dropped by 27.5% and 38.6%, respectively, from the position a year ago. However, the performances are high compared with international standards, indicating sustained profitability of the bank.





Net Interest Margin, which measures success of an organization, stood at 4.6%, which is slightly higher than the preceding year. A positive net interest margin indicates that CBE was able to make an optimal decision as interest expenses were lower than the amount of returns produced by investments.

2.3 Balance Sheet Analysis

2.3.1 Asset Structure

At the end of June 2016, CBE had total assest of Birr 384.7 billion, 26.1% higher (Birr 79.6 billion) than the 2014/15 position. The majority of these assets consisted of investment in bonds, loans and advances to customers.

2.3.2 Outstanding Loans by Sector

Total loans disbursed during the fiscal year increased by 2.6%, compared to the balance registered a year ago, and reached Birr 91.9 billion. Similarily, the overall loan collection of the bank stood at Birr 47.9 billion, indicating a growth of 10.9% from 2014/15.

At the end of the fiscal year, the total outstanding loans of the bank amounted to Birr 323.7 billion, representing a growth of 34.9% when compared to the balance of the preceding year. Of the total outstanding loans provided for customers, a larger portion went to the manufacturing sector, which took around 54.4% of the total.

Outstanding Loans and Advances by Sector (Mn. Birr)

Particulars	2014/2015	2015/2016	Growth (%)
Loans to customers (Net of impairment losses)	108,019.5	134,617.4	24.6
Agriculture	13,145.8	13,035.0	(0.8)
Manufacturing	57,495.5	73,253.2	27.4
Domestic Trade and Services	6,565.2	10,139.6	54.4
Foreign Trade	22,230.2	23,809.0	7.1
Building and Construction	5,146.0	7,701.5	49.7
Personal Loan/Consumer Loan	6,341.4	10,318.6	62.7
IFB Finance	38.4	130.8	240.1
Loans to Banks (Financial Institutions)	460.6	376.4	(18.3)
Bonds (Coupon & Corporate)	152,691.6	188,752.1	23.6
Total Outstanding Loans	266,180.7	323,746.0	34.9

2.3.3 Liabilities

Total liabilities stood at Birr 368.6 billion as of June 2016, growing by 26.3% from the preceding year position of Birr 291.8 billion. Of this, total deposits increased by 19% and reached Birr 288.6 billion. The increase in deposit is associated with a growth in savings amount.

Deposit at Year-end (Mn. Birr)

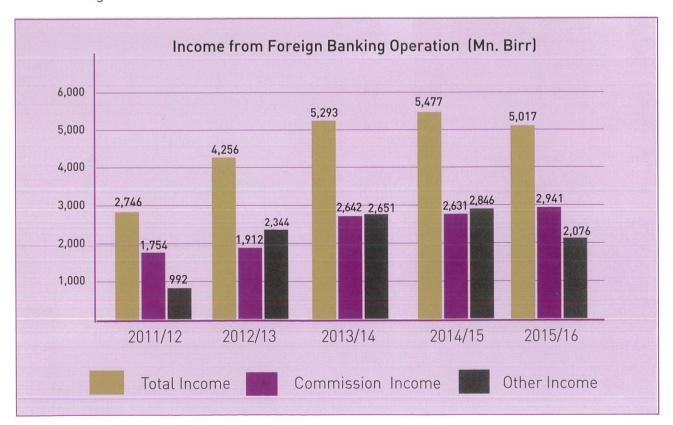
Particulars	2014/15	2015/16	Growth in %
Demand Deposit	120,182.5	133,819.9	11.3
Savings Deposit	108,787.6	142,625.5	31.1
Fixed time Deposit	13,526.9	12,159.6	(10.1)
Total Deposit	242,497.0	288,605.0	19.0

2.3.4 Capital Adequacy

In June 2016, total capital and reserves of the bank reached Birr 16.1 billion, representing a growth rate of 20.9% when compared to the position in 2014/15. Risk weighted capital adequacy ratio stood at 12.9%, which is above the international standard of 8%.

2.4 International Banking

Total income earned from foreign banking operations stood at Birr 5 billion, which dropped by 8.4% from the preceding year performance, mainly due to a drop of income collected from service charges.



Foreign Currency Earnings

During the year under review, the total foreign currency earnings of CBE reached USD 4.7 billion, which is lower by 19% from 2014/15. In this case, all the major FCY earning catagories, except private transfers, have contributed to the shortfall.

Foreign Currency Receipts (Mn. USD)

Particulars	2014/15	2015/16	Growth (%)
Exports	972.8	661.4	(32.0)
Remittances	4,787.0	4,002.1	(16.4)
Private Transfers	1,973.1	2,288.7	16.0
Official Transfers	881.2	645.0	(26.8)
FCY Purchases	300.0	232.8	(22.4)
Service Receipts	1,632.7	835.6	(48.8)
Total Inflows	5,759.8	4,663.5	(19.0)

3. Others

Human Resources

Employees are the most vital assets of every organization. They play critical roles in ensuring sustainable growth under stiff and dynamic competition. Thus, CBE has been striving to strengthen its human capital by recruiting new employees and training the existing ones. In 2015/16, the bank recruited 6,168 new blood, bringing the total staff strength to 28,467 from 22,908 in the preceding year.

On the other hand, recognizing the importance of training and development, the bank has been providing consistent training that aid human capital in exploring their skills. In this regard, more than 43,809 employees have passed through various technical, developmental and ethical training in the fiscal year being reviewed.

3.2 Technology Deployment

CBE has been consistently endeavoring the deployment of modern banking technologies. In this regard, accessibility of the bank has increased with the deployment of new 250 ATMs and 4,383 POS machines during the fiscal year, increasing the total number of ATMs and POS machines to 889 and 6,269, respectively. In addition, 1.4 million visa cards were issued, increasing the total number of visa card holders to 2.8 million. The total number of mobile and internet banking users reached about 1.1 million and 26.5 thousand, respectively, with the subscription of around 595,200 mobile and 24,100 internet users in the fiscal year.

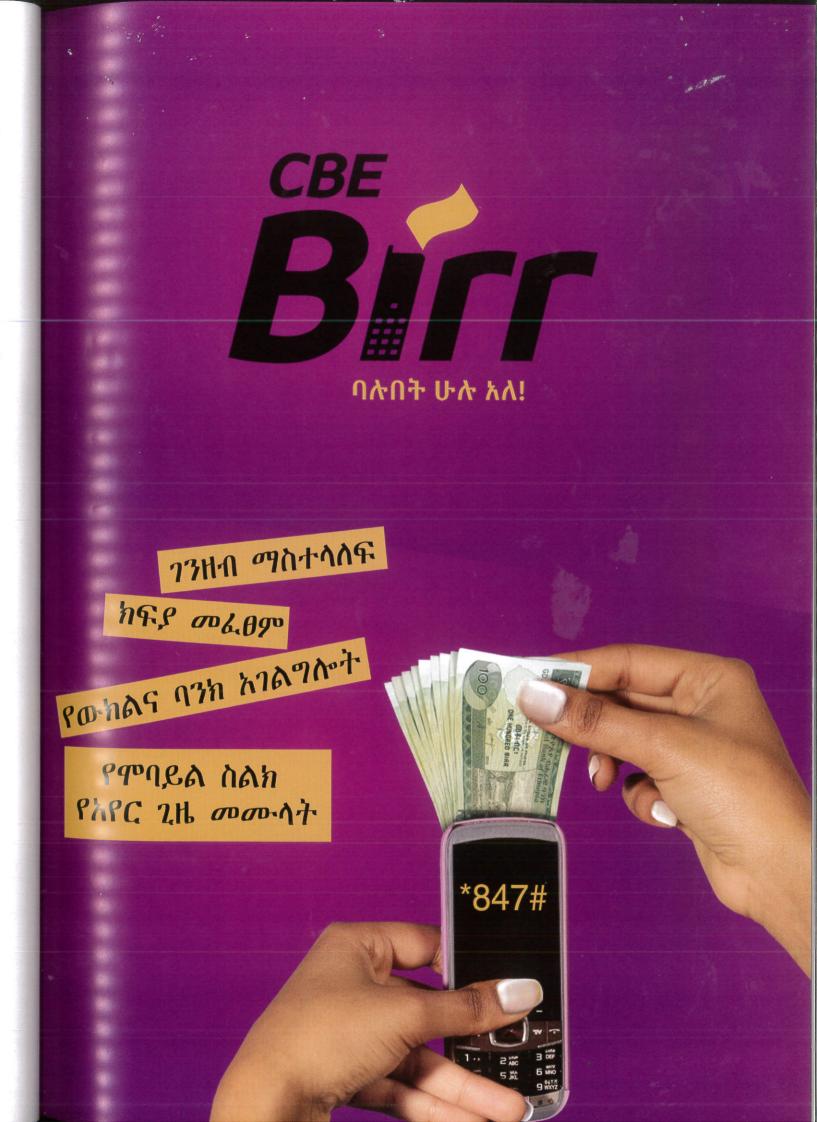
3.3 Branch Expansion

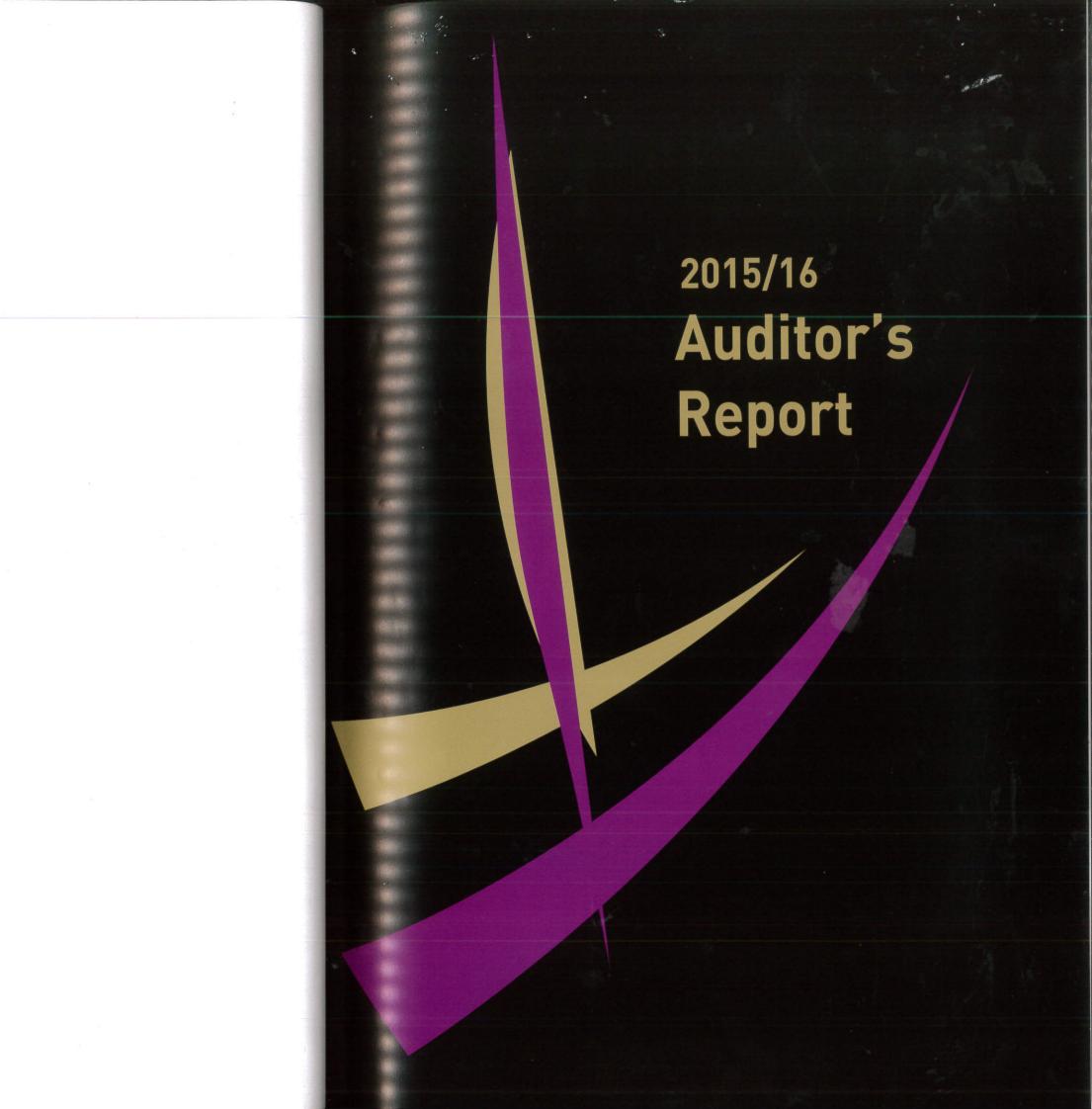
CBE opened 84 new branches across the country and incorporated 88 branches of the former Construction and Business Bank to its network, raising the total number of branches to 1,137 during the year under review. Branch expansion effort supports the bank to increase its customer base; and hence the total number of account holders in the year reached 13.3 million, growing by 25.9% from the preceding year.

4. Summary

Despite the suppressed global primary commodity prices and massive drought, the economy witnessed an 8 percent growth, with positive impacts on CBE.

- * CBE generated 13.7 billion birr profit, up by 8 percent from the preceding year.
- ★ Increased its total deposits by 46.7 billion birr, and the total deposit stood at 288.6 billion birr.
- **★** Disbursed about 92 billion birr new loans to the various sectors of the economy.
- Opened 84 new branches, and raised the total number of branches to 1,137.
- * Recruited about 2.6 million new customers, and its total account holder customers reached 13.3 million.
- * Embarked on the implementation of the second five-year Corporate Business Strategy.
- Continued with the deployment of ATMs and POS in trade centers, shops and supermarkets.
- **★** Its overall staff strength stood at 28,467.







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The Federal Democratic Republic of Ethiopia **Audit Services Corporation**

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

We have audited the accompanying consolidated financial statements of Commercial Bank of Ethiopia and its consolidated subsidiaries, which comprise the consolidated balance sheet as at 30 June 2016, and the consolidated profit and loss account and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility for the Financial Statements

The President of the Bank is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Commercial Code of Ethiopia of 1960, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Commercial Bank of Ethiopia and its subsidiaries as at 30 June 2016 and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Commercial Code of Ethiopia of 1960.

Audit Services Corporation

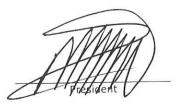
14 June 2017

COMMERCIAL BANK OF ETHIOPIA CONSOLIDATED PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

FOR THE YEAR ENDED 30 JUNE 2010		2016		2015 as restated
	Notes	Ethiopian Birr		Ethiopian Birr
INTEREST INCOME	5	21,444,016,766		16,769,423,731
INTEREST EXPENSE	6	(6,421,614,783) 15,022,401,983		(4,884,317,487) 11,885,106,244
NET INTEREST INCOME		13,022,401,983		11,000,100,
IMPAIRMENT LOSSES ON		(==0 000 000)		(541 470 442)
LOANS AND ADVANCES		(750,000,000)		(541,478,442)
NET INTEREST AFTER		14,272,401,983		11,343,627,802
IMPAIRMENT LOSSES				
GAIN ON FOREIGN		1,360,298,026		1,961,819,280
CURRENCY TRANSACTIONS	7	4,878,745,883		4,481,511,752
NON INTEREST INCOME NON INTEREST EXPENSES	8	(6,796,130,286)		(5,083,478,749)
NON INTEREST EATENSES		(557,086,377)		1,359,852,283
PROFIT BEFORE TAX		13,715,315,606		12,703,480,085
Income tax expense	9(a)	(4,375,955,048)		(3,933,382,961)
PROFIT FOR THE YEAR		9,339,360,558		8,770,097,124
Other comprehensive income				
Gain on revaluation of statutory reserve		102,070,627		10.002.254
Exchange difference on translation		(11,013,263)		18,993,354
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,430,417,922		8,789,090,478
Profit for the year attributable to				
Owner of the Bank		9,339,360,558		8,767,250,965
Non-controlling interests			-	2,846,159
		9,339,360,558		8,770,097,124
Total comprehensive income for the year				
Owner of the Bank		9,430,417,922		8,786,244,319
Non-controlling interests		0.400.417.000	=	<u>2,846,159</u> 8,789,090,478
		9,430,417,922		8,/89,090,4/8







COMMERCIAL BANK OF ETHIOPIA CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2016

AS AL SU COMPANIE		2016	2015
	Notes	Ethiopian Birr	as restated Ethiopian Birr
ASSETS			Zimopini Zim
Cash	10	23,374,806,579	20,188,491,169
Government securities	11	772,095,046	1,248,196,889
Coupon bonds	12	30,203,215,773	24,591,649,835
Corporate bonds	13	158,548,908,420	128,100,000,000
Placements with other banks	14	8,655,743,191	3,648,223,782
Loans to other finance Institutions		376,404,618	460,590,113
Loans and advances to customers	15	134,617,428,298	108,019,526,817
Other advances		8,279,447,698	5,008,955,737
Other investments	16	52,082,611	43,490,178
Deferred tax asset	17	10,771,584	9,674,973
Other assets	18	13,977,214,547	9,849,112,599
Property, plant and equipment	19	5,637,403,582	2,297,008,667
Advance payment for asset planned to be sold		25,626,948	25,500,000
Intangible assets	20	52,799,047	44,646,337
Goodwill		16,863,185	16,863,185
Leasehold land	21	92,375,157	84,741,216
		384,693,186,284	303,636,671,497
LIABILITIES Deposits due to other banks		715,383,930	828,814,607
Customers' deposits	22	287,889,608,672	240,721,790,055
Current tax liabilities	9(d)	4,357,606,690	3,943,221,088
Finance lease obligations	9(u)	32,518,436	38,610,373
Dividend	23	15,871,889,603	15,938,133,246
	17	2,840,975	1,876,051
Deferred tax liabilities	24	59,717,915,915	29,308,024,448
Other liabilities	24	368,587,764,221	290,780,469,868
NET ASSETS		16,105,422,063	12,856,201,629
CAPITAL AND RESERVES			
Capital	25	8,082,416,551	8,082,416,551
Capital Reserve	26	952,616,061	
Legal reserve Interest free banking reserve	27 28	7,170,840,058 86,268	4,829,353,814
Retained earnings deficit	29	(171,733,846)	(67,065,559)
Foreign currency translation reserve	30	71,196,971	
Equity attributable to the owner of the Bank		16,105,422,063	12,844,704,806
Non-controlling interests		16,105,422,063	11,496,823 12,856,201,629
			12,030,201,029
	200	110	

Vice President Finance Addis Ababa, 14 June 2017





COMMERCIAL BANK OF ETHIOPIA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

					The same of the sa				
3	Capital ETB	Capital reserve ETB	Legal reserve ETB	Interest free banking reserve ETB	Retained earnings ETB	Foreign currency translation reserve ETB	Attributable to owner of the Bank ETB	Non-controlling interests ETB	Total ETB
Balance at 30 June 2014	8,082,416,551	1	2,688,425,162	-	239,993,430	72,794,890	11,083,630,033	8,650,664	11,092,280,697
Profit for the year					8.767,250,965		8,767,250,965	2 846 159	8 770 097 124
Other comprehensive Income for the year						18,993,354	18.993.354		18 993 357
Transfer to legal reserve			2,140,928,652		(2,140,928,652)		1		
Dividend					[6,560,329,419]		[6,560,329,419]		[6,560,329,419]
Balance at 30 June 2015									
as previously reported	8,082,416,551	1	4,829,353,814		305,986,324	91,788,244	13,309,544,933	11,496,823	13,321,041,756
adjustment - note 32					(373,051,883)	[91,788,244]	[464,840,127]		(464,840,127)
As restated	8,082,416,551	ı	4,829,353,814	1	(67,065,559)	-	12,844,704,806	11,496,823	12,856,201,629
Net assets acquired - note 3		707 0 7 0 0 0 0							7
		000,040,404					850,545,434	[11,496,823]	839,048,611
Profit for the year					9,339,362,558		9,339,362,558		9,339,362,558
Other comprehensive					01 057 377		01 057 277		70 010
Transfers to					1000		+00°,700,17		400,100,17
Legal reserve			2,341,486,244		[2,341,486,244]				
Capital reserve		102,070,627			[102.070.627]		1		
Interest free banking reserve				86,268			86.268		84.248
Foreign currency translation reserve					[91,788,244]	91,788,244	1		
Loss on foreign exchange translation - South Sudan					11,013,263	(11,013,263)	ı		
Loss on foreign exchange translation						(9,578,010)	(9,578,010)		(9,578,010)
Dividend					(7,010,756,357)		(7,010,756,357)		[7,010,756,357]
Balance at 30 June 2016	8,082,416,551	952,616,061	7,170,840,058	86,268	[171,733,846]	71,196,971	16,105,422,063	1	16,105,422,063

COMMERCIAL BANK OF ETHIOPIA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	Ethiopian Birr	as restated
	Ethiopian Biri	Ethiopian Birr
CASH FLOWS FROM OPERATING ACTIVITIES	0.000.070.550	0.550.005.407
Profit for the year	9,339,360,558	8,770,097,124
Adjustments for		0.000.000.014
Income tax expense recognized in profit or loss	4,360,540,763	3,933,382,961
Impairment of loans and advances	720,658,163	517,365,344
Depreciation and amortization of non-current assets	585,823,247	402,772,406
Gain on disposal of property, plant and equipment	(15,301,244)	(6,205,667)
Creditors' accounts written off in profit or loss	[31,224,637]	[22,284,600]
	14,959,856,850	13,595,127,568
Movements in working capital	(= = . = . = .)	
Increase in coupon bonds	(5,611,565,939)	(6,854,564,961)
Increase in corporate bonds	(30,448,908,420)	(35,700,000,000)
Increase in loans and advances	(27,707,172,206)	(23, 185, 430, 042)
Increase in other assets	(3,694,481,087)	(2,802,358,866)
Increase in cash reserve with national banks	(3,091,873,719)	(1,820,000,000)
Increase in customers' deposits	42,442,636,502	48,391,545,996
Increase in other liabilities	26,108,259,931	5,868,029,222
Cash generated from (used in) operations	12,956,751,912	(2,507,651,083)
Income taxes paid	(3,962,851,797)	(3,034,584,915)
Net cash generated by (used in) operating activities	8,993,900,115	(5,542,235,998)
CASH FLOWS FROM INVESTING ACTIVITIES		(000 400 0 (0)
Payments for property, plant and equipment	(3,563,261,106)	(972,175,047)
Proceeds from disposal of property, plant and equipment	17,645,472	6,436,444
Proceeds from redemption of government securities	472,183,093	237,821,800
Payment for other investments		(35,249,301)
Payment for leaschold land	(6,091,937)	(2,132,595)
Proceeds from guarantee deposits	637,937,474	6,121,540,608
Net cash (used in) generated by investing activities	(2,441,587,004)	5,356,241,909
OACH ELOWG EDOM EINANGING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES	710 510 107	
Cash included in assets acquired	719,519,124	
Dividend paid	<u>(7,077,000,000)</u>	
Net cash outflow for financing activities	(6,357,480,876)	<u> </u>
Unrealised gains arising from changes in foreign		
currency exchange rates	86,519,622	19,092,524
currency exchange rates	00,317,022	17,072,324
Increase (decrease) in cash and cash equivalents	281,351,857	(166,901,565)
Cash and cash equivalents at the beginning of the year	8,302,882,231	8,469,783,796
Cash and cash equivalents at the end of the year	8,584,234,088	8,302,882,231
cash and cash equivalents at the end of the year	0,304,234,000	0,302,002,201
Cash and cash equivalents comprise		
Cash in hand	4,515,834,696	3,702,585,061
Balances with National Bank of Ethiopia	3,945,174,719	4,649,394,921
Balances with Bank of South Sudan	84,362,564	96,293,807
Placements with other banks	527,576,565	431,203,877
Government securities	231,396,167	235,579,942
Deposits due to other banks	[720,110,623]	[812,175,377]
seposits due to other paliks	8,584,234,088	8,302,882,231
	0,004,204,000	0,002,002,201

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BANK INFORMATION

The Bank is established as a limited liability public enterprise in the Federal Democratic Republic of Ethiopia.

The Bank's head office is in Addis Ababa and it has over 1,000 branches throughout Ethiopia

It is wholly owned by the Government of the Federal Democratic Republic of Ethiopia.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Bank and two entities controlled by the Bank - its subsidiaries. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A 64.44% share in Universal Investors SC has not been consolidated, because management is of the opinion that it is of little concern to the shareholder on account of the small financial interests involved.

ACQUISITION OF A BUSINESS 3

The business of Construction and Business Bank Share Company, a company wholly owned by the Government of the Federal Democratic Republic of Ethiopia, was acquired by virtue of a Council of Ministers Regulation that transferred the rights and obligations of the share company to the Bank with effect from 31 March 2016. The assets and liabilities are recorded at the book values of the share company as at 31 March 2016.

The share company was engaged in a similar banking business as the Bank.

In the nine months ended 31 March 2016, the share company earned interest income of Birr 304,300,140 and a pre-tax profit of Birr 74,911,453. No separate earnings figures for the three months ended 30 June 2016 are available, as management considered that the benefits to be derived from such information would exceed the cost of providing it.

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and in the manner required by the Commercial Code of Ethiopia of 1960.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement of impaired assets at their fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

cl Income

Income is recognized in the period in which it is earned. When a lending account becomes non-performing, interest is suspended and excluded from income until it is received. However, it is computed and shown in a memorandum account.

Expense is recognized in the period in which it is incurred.

Non-interest income

Dividend income

Dividend income is recognized when the Bank's right to receive a dividend as a shareholder is established.

(ii) Rental income

Rental income is recognized on a straight line basis over the lease term.

Other income

Other income is recognized when significant risks and rewards of ownership are transferred to the recipient and the amounts of revenue can be measured reliably.

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Treasury bills and government securities

Treasury bills and government securities bearing interest are stated at cost plus accrued interest. Non-interest bearing securities are discounted using the effective interest rate.

Coupon and corporate bonds

Coupon and corporate bonds are stated at cost.

Financial instruments

Financial assets and financial liabilities are recognized when the Bank becomes a party to the contractual provisions of the instrument. They are initially measured at fair value.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

Other investments h

Other investments are stated at cost. Income is recognized only to the extent that distributions are received from net profits that have arisen subsequent to the date of acquisition.

Tangible assets

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged on the straight-line basis at the following rates per annum.

	<u>%</u>
Buildings	5
Computers and software	25
Fixtures, fittings and equipment	20
Motor vehicles	20

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible assets (continued)

Capital work in progress

Capital work in progress is included under property, plant and equipment and comprises costs incurred on ongoing capital works. These costs include material, transport, and labour.

Acquired properties

Acquired properties are properties that were used as collateral for loans and advances and that have been transferred to the Bank after foreclosure. The properties are held for sale and are stated at fair value through profit or loss.

Advance payment for asset planned to be sold

This payment is an advance for a warehouse. The warehouse was acquired to be sold.

Goodwill

Goodwill is in respect to a printing business which is a cash-generating unit. The unit is tested for impairment at each year end.

Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Leasehold land is presented separately on the face of the balance sheet and is stated at cost less accumulated amortization. The costs are amortized over the period of the leases.

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred

Current tax

The tax currently payable is based on taxable profits for the year. Taxable profits differ from profits reported in the profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Bank's liability for current tax, as well as that of its subsidiaries, is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax legislation that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Bank and its subsidiaries, as at the end of the reporting period, expect to recover or settle the carrying amounts of these assets and liabilities.

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Distribution of profits

The net profits of the Bank are distributed in accordance with the law and with the regulations of the owner.

I eave accrual

Employees' entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave at the reporting date.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short term, highly liquid investments with maturity periods of three months or less net of short-term finances.

Translation of foreign currencies

Transactions in foreign currencies during the year are translated into Ethiopian Birr at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. Resultant exchange differences are recognized in profit or loss for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of the transaction Employee benefits.

Trust funds

The Bank and its subsidiaries act as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Assets held in trust are not included in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

		2016 Ethiopian Birr	2015 Ethiopian Birr
5	INTEREST INCOME		
	Loans and advances	10,971,393,186	8,711,932,539
	Corporate bonds	8,391,394,328	6,467,176,163
	Coupon bonds	2,038,720,378	1,454,702,642
	Placements with other banks	26,494,035	119,585,540
	Government bonds	14,869,169	<u>16,026,847</u>
		21,442,871,096	16,769,423,731
	INTEREST EXPENSE		
	Customers' deposits	6,386,212,364	4,802,357,857
	Deposits from other banks	35,396,203	81,957,077
	Others	<u>6,216</u>	<u>2,553</u>
		6,421,614,783	4,884,317,487
	NON INTEREST INCOME		
	NON INTEREST INCOME		
	Commission	3,045,944,666	2,774,304,564
	Service and transaction fees	896,602,653	968,980,979
	Write back of creditors' accounts	29,341,837	21,484,006
	Gain on disposal of property, plant and equipment	15,301,244	6,205,669
	Collection from provision held	11,671,550	24,113,098
	Rental income	11,893,183	14,322,837
	Other income	867,990,750	672,100,599
	other medine	4,878,745,883	4,481,511,752
8	NON INTEREST EXPENSES		
	Salaries and employee benefits	4,417,582,293	3,337,344,570
	Depreciation	522,970,020	366,548,358
	Office rent	360,938,573	253,576,809
	Electronic data processing	172,342,393	78,679,951
	Advertising and publicity	120,808,439	142,896,791
	Stationery and office supplies	118,417,855	110,401,139
	Travel	72,994,456	37,522,038
	Postage and telephone	60,418,063	61,610,294
	Repairs and maintenance	54,410,239	46,274,680
	Service charges	49,061,725	42,551,136
	Insurance	37,792,505	29,276,815
	Motor vehicle running	23,469,291	21,728,614
	Water and electricity	12,349,976	11,767,241
	Legal and consultancy fees	6,692,107	4,693,261
	Audit fees	2,932,128	1,360,724
	Land and building taxes	1,644,971	1,945,093
	Board fees	420,030	418,259
	Other expenses	759,739,552	534,882,976
	other expenses	6,794,984,616	5,083,478,749

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2016	2015
	Ethiopian Birr	Ethiopian Birr
9 TAXATION		
7 TAXATION		
(a) Profit and loss account - Income tax expense		
Current taxation based on the adjusted profit for the year at 30%	4,381,775,141	3,947,645,973
Tax in respect to prior periods	15,414,285	-
Deferred tax in respect of the current year		
Credit to profit or loss	(22,199,302)	(14,611,815)
Charge to profit or loss	964,924	348,803
	[21,234,378]	[14,263,012]
	4,375,955,048	3,933,382,961
(b) Tax expense computation		
Net profit before taxation	13,715,315,606	12,703,480,085
Add: Disallowed expenses		
Provision for doubtful debts	750,923,144	541,478,442
Depreciation	516,510,693	356,845,287
Amortization	53,233,557	42,924,718
Entertainment and donations	9,060,590	7,244,994
Penalty	177,926	75,057
Demurrage	95,422	386,810
Customs valuation	-	445,551
Other	4,656,057	20,132,386
	1,334,657,389	969,533,245
1 411 1	15,049,972,995	13,673,013,330
Less: Allowed expenses	[/// /01 1/2]	(330,315,035)
Depreciation	(466,691,162) (18,611,384)	[17,169,887]
Amortization	[485,302,546]	[347,484,922]
	14,564,670,449	13,325,528,408
	14,364,670,447	13,323,320,400
Less: Income not to be included in taxable profit		
Income taxed at source or exempt	(43,576,323)	(136,164,115)
Gain on disposal of property, plant and equipment	(15,301,244)	(6,431,286)
Bad debts recovered	[11,671,551]	[24,113,098]
Dad debts recovered	[70,549,118]	[166,708,499]
	1/010/////01	110011001111
Taxable profit	14,494,121,331	13,158,819,909
randate prom		
Income tax at 30%	4,348,236,399	3,947,645,973
Effect of income tax at 20%	(6,497,056)	
Effect of income tax on consolidation	40,035,798	
Current tax payable	4,381,775,141	3,947,645,973
Tax in respect to prior periods	15,414,285	
Deferred tax in respect to the current year	(21,234,378)	[14,263,012]
Tax expense	4,375,955,048	3,933,382,961
rux experise	4,070,700,040	O TO O O O O O O O O O O O O O O O O O

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

		2016 Ethiopian Birr	2015 Ethiopian Birr
9	TAXATION (Continued)		
(a)	Reconciliation of tax expense to the expected tax		
(c)	based on accounting profit		
	based on accounting profit		
	Net profit before taxation	13,715,315,606	12,703,480,085
	Tax at the applicable rate of 30%	4,114,594,681	3,811,044,025
	Tax effect of expenses not deductible for tax purposes	400,397,217	284,820,258
	Tax effect of allowed expenses	(145,590,764)	(104,245,477)
	Tax effect of unused tax losses not recognized as deferred tax assets	-	6,039,716
	Tax effect of income taxed at source or exempt	(21,164,735)	(50,012,549)
	Tax effect of income taxed at a different rate	(6,497,056)	
	Tax effect on consolidation	40,035,798	
	Current tax payable	4,381,775,141	3,947,645,973
	Tax in respect to prior periods	15,414,285	(4 (0 (0 0 1 0)
	Deferred tax in respect to the current year	(21,234,378)	(14,263,012)
	Tax expense	4,375,955,048	3,933,382,961
(d)	Balance sheet - Tax payable		
		0.070.001.000	2.052.000.001
	At the beginning of the year	3,943,221,088	3,053,988,901
	Difference on translation	(4,537,742)	(13,187,224) (3,045,226,562)
	Paid during the year	(3,962,851,797)	
	Current year tax payable	4,381,775,141	3,947,645,973
		4,357,606,690	3,943,221,088

(e) Current tax rate

The current tax rate in Ethiopia is 30%; in South Sudan 20%.

(f) Tax assessments and audits

No comprehensive audit by the tax authority has been performed.

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2016 Ethiopian Birr	2015 Ethiopian Birr
10 CASH		
Cash on hand	4,599,378,241	3,800,716,348
Cash reserve with National Bank of Ethiopia	14,720,161,619	10,372,556,902
Cash reserve with Bank of South Sudan	110,092,000	-
Payment and settlement accounts		
with National Bank of Ethiopia	3,945,174,719	4,649,394,921
with Central Bank of South Sudan		1,365,822,998
	23,374,806,579	20,188,491,169

The cash reserve is non-interest earning and is based on the value of deposits as adjusted for National Bank of Ethiopia requirements. At 30 June 2016, the cash reserve requirement was 5% (2015-5%) of the eligible deposits. Neither cash reserve is available to finance the Bank's day to day operations.

11 GOVERNMENT SECURITIES

Government bonds bearing interest at 2% and 5% per annum and interest free bonds.

	2016 Ethiopian Birr	2015 Ethiopian Birr
On demand	209,188,817	213,372,593
Maturing within 90 days	22,207,350	22,207,349
Maturing after 90 days and within one year	9,943,317	115,572,527
Maturing after one year	530,755,562	897,044,420
	772,095,046	1,248,196,889
Interest free	426,234,835	539,449,612
Bearing interest at the rate of 2%	116,179,980	343,684,576
Bearing interest at the rate of 5%	229,680,231	365,062,701
<u> </u>	772,095,046	1,248,196,889

12 COUPON BONDS

Non-negotiable unsecured bonds, bearing interest at the rate of 6% per annum, and repayable over a period of 10 years from date of issue.

	2016 Ethiopian Birr	2015 Ethiopian Birr
Maturing within one year	10,714,611,612	10,796,161,364
Maturing after one year	19,488,604,161 30,203,215,773	13,795,488,471 24,591,649,835

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13 CORPORATE BONDS	2016 Ethiopian Birr	2015 Ethiopian Birr
Ethiopian Electric Power Being non-negotiable unsecured bonds, bearing interest at the rate of 6% per annum, and repayable variously through 2024	140,300,000,000	93,200,000,000
Ethiopian Electric Utility Being non-negotiable unsecured bonds, bearing interest at the rate of 6% per annum, and repayable variously through 2024	2,800,000,000	21,900,000,000
Ethiopian Railway Corporation Being negotiable bonds, bearing interest at the rate of 6% per annum, secured by a letter of guarantee from the Ministry of Finance and Economic Cooperation, and repayable through 2023.	15,448,908,420	13,000,000,000
	158,548,908,420	128,100,000,000

14 PLACEMENTS WITH OTHER BANKS	2016 Ethiopian Birr	2015 Ethiopian Birr
Due within 90 days	498,489,702	(2,598,949,352)
Due over 90 days	8,157,253,489	6,247,173,134
•	8,655,743,191	3,648,223,782

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2016 Ethiopian Birr	2015 Ethiopian Birr
15 LOANS AND ADVANCES TO CUSTOMERS		
13 EUANS AND ADVANCES TO COSTONERS		
T and acceptantian lange	110 //2 /20 020	0/ 107 1/1 502
Term and merchandise loans	119,663,430,029	94,187,141,503
Overdrafts	2,947,888,328	3,630,327,618
Advances on import and export bills	15,776,288,141	13,145,106,854
	138,387,606,498	110,962,575,975
Less: Provision for impairment losses	3,770,178,200	2,943,049,158
	134,617,428,298	108,019,526,817
Repayable		
on demand	12,805,895,528	5,297,583,722
within one year	22,002,952,016	24,329,567,010
within one to five years	17,855,999,792	16,112,040,299
within periods exceeding five years	81,952,580,962	62,280,335,786
, , , , , , , , , , , , , , , , , , , ,	134,617,428,298	108,019,526,817
The movements in the provision for impairment losses		
Balance at 30 June 2015	2,943,049,158	2,403,386,933
Assumed from business acquired	79,844,625	
Written off during the year	[2,715,583]	[1,816,217]
,	3,020,178,200	2,401,570,716
Additional provision made during the year	750,000,000	541,478,442
	3,770,178,200	2,943,049,158
Loans and advances by borrowers		
	73,253,232,113	57,495,534,008
Manufacturing	23,808,995,293	22,230,210,638
Foreign trade	13,034,994,141	13,145,787,483
Agriculture	10,318,562,764	6,341,356,745
Consumer		6,565,223,021
Domestic trade and services	10,139,580,613	
Building and construction	7,701,481,483	5,146,018,394
Interest free banking	130,760,091	38,445,686
	138,387,606,498	110,962,575,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16 OTHER INVESTMENTS	Proportion of ownership interest and Voting power	2016 Ethiopian Birr	2015 Ethiopian Birr
African Export Import Bank (245 shares of USD 10,000 each)	0.08	29,098,497	29,098,497
Ethswitch Share Company (22,740 shares of Birr 1,000 each)	6.25	22,740,000	11,370,000
S.W.I.F.T. SCRL (12 shares of EURO 125 each)	0.23	244,114	244,114
Sudanese consortium			2,691,630
Gelately Hankey and Company			<u>85,937</u>
		52,082,611	43,490,178

17 DEFERRED TAX ASSET

Deferred tax is calculated on all temporary differences under the liability method using the enacted rate, currently at 30%. The deferred tax asset at year end is attributable to the difference between the tax bases of property, plant and equipment and intangible assets and their carrying value for financial

reporting purposes. Movement on the deferred tax account is as follows	2016 Ethiopian Bir
At 30 June 2015	
Asset	9,674,97
Liability	[1,876,05
Lidowy	7,798,92
In respect to prior periods	23,60
Assumed on acquisition of business	(21,126,35
Credit to profit or loss	21,234,3
At 30 June 2016	7,930,60
Asset	10,771,5
Liability	(2,840,97
Liability	7,930,6

18	OTHER ASSETS	2016 Ethiopian Birr	2015 Ethiopian Birr
	Interest receivable	8,504,352,908	5,514,015,984
	Prepaid office rent	1,245,986,393	764,506,948
	Ministry of Finance and Economic Cooperation	1,230,978,839	1,230,978,839
	Foreign receivables	818,528,741	661,603,383
	Stationery and other supplies	787,187,273	411,460,158
	Purchases in progress	496,313,802	660,534,245
	IT expansion project	434,982,163	231,080,002
	Acquired properties	161,490,063	145,837,900
	Other receivables	491,046,886	424,565,335
	Other receivables	14,170,867,068	10,044,582,794
	Less: Provision for doubtful debts	193,652,521	195,470,195
	LESS. Flovision for doubtrut debts	13,977,214,547	9,849,112,599

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9 PROPERTY AND EQUIPMENT	Balance at 30 June 2015 ETB	Additions ETB	Transfers Disposals ETB	Balance at 30 June 2016 ETB
0007				
COST Buildings	543,541,044	54,491,439	9,502,149	607,534,63
Computers and software	754,484,915	475,080,397	(271,892)	1,229,293,42
Fixtures, fittings and equipment	1,067,054,052	385,887,542	(4,303,707)	1,448,637,88
Motor vehicles	553,346,863	319,669,580	[14,807,582]	858,208,86
Work in progress	783,064,290	2,637,406,326	(9,502,149)	3,410,968,46
Work in progress	3,701,491,164	3,872,535,284	(19,383,181)	7,554,643,20
DEPRECIATION			,,	
Buildings	242,269,291	25,423,878		267,693,16
Computers and software	379,430,096	205,605,056	(15,985)	585,019,16
Fixtures, fittings and equipment	410,709,537	228,144,033	(2,087,973)	636,765,59
Motor vehicles	372,073,573	70,491,853	[14,803,674]	427,761,75
	1,404,482,497	529,664,820	[16,907,632]	1,917,239,6
NET BOOK VALUE	2,297,008,667			5,637,403,5

20 INTANGIBLE ASSETS	2016 Ethiopian Birr	2015 Ethiopian Birr
COST		
Core Banking Software	172,728,740	111,342,473
Card Banking Software	16,862,605	16,862,605
Infrastructure and IT Security Software	32,658,062	32,658,062
Smart Banking Software	3,195,582	3,195,582
y	225,444,989	164,058,722
AMORTIZATION		
Balance at 30 June 2015	119,412,385	76,487,666
For the year	53,233,557	42,924,719
a see manual de	172,645,942	119,412,385
	52,799,047	44,646,337
21 LEASEHOLD LAND		
COST		
Balance at 30 June 2015	92,366,046	92,366,046
Addition during the year	9,563,497	
	101,929,543	92,366,046
AMORTIZATION		
Balance at 30 June 2015	7,624,830	5,789,977
For the year	1,929,556	1,834,853
•	9,554,386	7,624,830
NET BOOK VALUE	92,375,157	84,741,216
NET BOOK VALUE	72/070/107	04,741,210

The Group has leased land in Addis Ababa for periods of between 40 and 70 years. A leasehold right may be transferred or used as collateral or capital contribution to the extent of the lease amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22	CUSTOMERS' DEPOSITS	2016 Ethiopian Birr	2015 Ethiopian Birr
	Payable on demand		
	Local and Central Government	48,156,668,369	47,502,359,044
	Private sector and retail customers	52,230,012,427	41,333,929,449
	Public enterprises and agencies	32,387,602,874	28,703,223,407
		132,774,283,670	117,539,511,900
	Savings deposits		
	Private sector and retail customers	136,425,539,392	106,194,003,809
	Public enterprises and agencies	3,358,427,690	2,212,897,916
	J	139,783,967,082	108,406,901,725
	Term deposits		
	Public enterprises and agencies	2,082,717,582	9,143,857,174
	Private sector and retail customers	9,976,840,548	4,383,067,210
	Local Government	100,000,000	
		12,159,558,130	13,526,924,384
	Interest Free Banking		
	All sectors	3,171,799,790	1,248,452,046
		287,889,608,672	240,721,790,055
23	DIVIDEND	Tic.	
	Balance at 30 June 2015	15,938,133,246	9,377,803,827
	Payment during the year	(7,077,000,000)	-
	Current appropriation	7,010,756,357	6,560,329,419
		15,871,889,603	15,938,133,246

24 OTHER LIABILITIES	2016 Ethiopian Birr	2015 Ethiopian Birr
National Bank of Ethiopia	34,747,790,845	13,134,843,807
Margin accounts and deposits for guarantees	12,267,813,233	10,247,212,872
CPO's, telegraphic transfers and money	3,077,429,489	2,575,080,354
Payable to other banks	6,259,069,304	
Inter-branch clearing	683,953,030	1,253,792,457
Blocked accounts	543,520,748	464,324,771
Accrued leave pay	291,919,962	212,408,235
Other taxes	253,884,508	120,830,023
Unearned income	76,327,379	39,895,777
Pension contributions	34,432,502	25,326,673
Miscellaneous	1,481,772,915	1,234,309,479
	59,717,913,915	29,308,024,448

25 CAPITAL

The Bank is wholly owned by the Government of the Federal Democratic Republic of Ethiopia. There are no shares and no par value.

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26 CAPITAL RESERVE

This reserve is not available for distribution. The movements during the year were arising from the transfer of a business to the Bank by the Government

	Ethiopian Birr
Net assets	839,048,611
Cancellation of non-controlling interests	11,496,823
J	850,545,434
Capital reserve of Commercial Bank of Ethiopia (CBE)	
South Sudan Ltd	102,070,627
	952,616,061

27 LEGAL RESERVE

The legal reserve is a statutory reserve to which not less than 25% of the net profit shall be transferred each year until such reserve equals the capital of the Bank and thereafter 10% of the net profit shall be transferred each year.

28 INTEREST FREE BANKING RESERVE

This reserve may be distributed to customers using the Bank's interest free services.

29 RETAINED EARNINGS DEFICIT

The balance of retained earnings deficit represents the accumulated net profits that the Group has achieved less dividends paid to the shareholder.

30 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translaion of the results and net assets of the Group's foreign operation from its functional currency to the Group's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. The reserve is reclassified to profit or loss on the disposal of the foreign operation.

31 OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS

In the ordinary course of business, the Group conducts business involving guarantees, acceptances and performance bonds. These facilities are offset by corresponding obligations of third parties. At the year end the contingencies were as follows.

	2016 Ethiopian Birr	2015 Ethiopian Birr
Letters of credit and acceptances	3,182,688,634	2,360,238,565
Guarantees and performance bonds	19,868,948,137	13,411,195,828
	23,051,636,771	15,771,434,393

Nature of contingent liabilities

Letter of credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by the customers.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented and reimbursement by the customer is almost

Guarantees are generally written by a bank to support the performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

RESTATEMENT OF CORRESPONDING FIGURES

In view of the hyperinflationary economy that obtained in South Sudan during the year, the corresponding figures have been restated, giving rise to the following adjustments.

	Ethiopian Birr
Retained earnings at 30 June 2015,	
as previously reported	165,206,276
as translated at exchange rate as at 30 June 2016	<u>12,759,044</u>
	[152,447,232]
Effect of non-monetary items at 2015 rate	68,711,960
Effect of capital at 2015 rate	(289,898,874)
Forex reserve (as revised)	7,633,469
Adjustment to retained earnings	(366,000,677)
Elimination of foreign currency translation reserve	(98,839,450)
	(464,840,127)

TRUST FUNDS 33

Assets held in trust by the Bank and its subsidiaries are as follow

	2016 Ethiopian Birr	2015 Ethiopian Birr
Cash held on behalf of National Bank of Ethiopia	101,659,090,551	58,936,387,951
Trust Funds	30,886,620	29,238,935

The Bank provides custodial services to the National Bank of Ethiopia at various branches across the country. The Bank and its subsidiaries are involved in trust activities in which they hold and invest assets on behalf of various institutions, donor-sponsored projects and pension funds.

RELATED PARTY TRANSACTIONS

A party is related to an entity if, inter alia,

- (i) Directly, or indirectly through one or more intermediaries, the party
 - a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - b) has an interest in the entity that gives it significant influence over the entity; or
 - c) has joint control over the entity;

Related parties do not include the government, government departments or agencies.

Included in loans and advances is a total of Birr 2,216,910,108 (2015 - Birr 1,461,863,762) advanced to employees. Included in this figure are loans to employees amounting to Birr 488,213,882 that do not bear interest.

FINANCIAL STATEMENTS (continued) COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED

35. MATURITIES OF ASSETS AND LIABILITIES - LIQUIDITY RISK

maturity groupings Assets and liabilities are analyzed below into relevant

	On Demand ETB'000,000	Due within 3 Months ETB'000,000	Due between 3 and 12 months ETB'000,000	Due between 1 and 5 Years ETB'000,000	Non-maturity Items ETB'000,000	Total ETB'000,000
Assets						
Cash and bank balances	1,440	174	434	868'9	14,429	23,375
Government securities		231	541			772
Placements with other banks	8,512		144			8,656
Loans and advances to customers	3,020	21,347	23,062	87,565		134,994
Investment in associates					52	52
Other investments	3,686	744	9,571	174,700	51	188,752
Other assets	2,408	5,569	8,716		5,575	22,268
Property, plant and equipment					5,637	5,637
Intangible assets and goodwill					96	9.2
Leasehold land					92	92
Total assets	19,066	28,065	42,468	269,163	25,931	384,693
Liabilities						
Deposits due to other banks	100			615		715
Customers' deposits	22,632	3,457	8,675	253,126		287,890
Current tax liabilities		4,358				4,358
Other liabilities	545	13,152	18,128	69	43,737	75,625
Total liabilities	23,277	20,967	26,803	253,804	43,737	368,588
Net liquidity gap as at 30 June 2016	(4,211)	7,098	15,665	15,359	(17,806)	16,105
Net liquidity gap as at 30 June 2015	(3,783)	(2,362)	[472]	10,583	8,890	12,856
	THE REAL PROPERTY AND ADDRESS OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NA		THE REAL PROPERTY AND ADDRESS OF THE PARTY AND	THE REAL PROPERTY AND ADDRESS OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN C		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) COMMERCIAL BANK OF ETHIOPIA

36. MATURITIES OF ASSETS AND LIABILITIES - INTEREST RISK

The exposure to interest rate risks groups assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing and maturity.

Assets Cash and bank balances Government securities Placements with other banks Loans and advances to customers Other investments Other assets Property, plant and equipment Intangible assets and goodwill	3,020				EIB 000,000	EID oon,oou	
banks customers ipment	3,020	The state of the s					
banks customers iipment	3,020					23,375	23,375
banks customers iipment	3,020	231		519	22		772
lers	3,020			167		8,489	8,656
	3 686	21,346	23,062	28,335	59,231		134,994
	0	744	9,571	48,005	126,746	52	188,804
Property, plant and equipment Intangible assets and goodwill						22,268	22,268
Intangible assets and goodwill						5,637	5,637
Interigible assets and goodwing						66	96
						92	92
	/04/	100.00	257 65	77 074	185 999	800 09	384.693
lotal assets	0,700	176'77	027,000	0301			
Lishilitiae							
Donorite dun to other hanks						715	715
	133	847 8	8.675	19	138,405	133,200	287,890
						4,358	4,358
Other lishilities						75,625	75,625
	4.133	3,458	8,675	19	138,405	213,898	368,588
et interest							
sensitivity dap							
9	2,573	18,863	23,958	77,007	47,594	(153,890)	16,105
at 30 June 2015 (11	(11,275)	12,692	14,058	49,018	(44,532)	(7,105)	12,856

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. FOREIGN CURRENCY RISK

Currencies to which the Group is exposed at 30 June 2016 are analyzed below.

	USD Ethiopian BIRR	GBP Ethiopian Birr	EURO Ethiopian Birr	OTHER Ethiopian Year	TOTAL Ethiopian Birr
Assets					
Cash and bank balances	171,852,667	8,518,471	17,326,459	83,635,124	281,332,721
Placements with other banks	6,938,071,308	25,340,732	21,878,815	177,964,706	7,163,255,561
Other assets	575,589,736	166,946	25,337,261	14,633	601,108,576
Total foreign curency assets	7,685,513,711	34,026,149	64,542,535	261,614,463	8,045,696,858
Liabilities					
Denosits due to other banks	162,148,040	50,320	220,259,001		382,457,361
Customers' deposits	15,041,837,093	63,412,576	519,373,233	42,106	15,624,665,008
Other liabilities	729,371,118	43,063	16,851,555		746,265,736
Total foreign currency liabilities	15,933,356,251	63,505,959	756,483,789	42,106	16,753,388,105
Off balance sheet net notional position	38,132,313,879	162,422,582	6,172,888,247	299,803,864	44,767,428,572
					000000000000000000000000000000000000000
Foreign currency exposure at 30 June 2016	(46,380,156,419)	(191,902,392)	(6,864,829,501)	(38,231,507)	(53,475,119,819)
As at 30 June 2015					
Total foreign currency assets	4,489,487,901	57,964,062	(360,259,761)	295,396,919	4,482,589,121
Total foreign currency liabilities	(13,803,092,539)	(47,708,827)	(628,091,801)	(65,733)	(14,478,958,900)
Off balance sheet net notional position	(29,508,861,603)	(35,217,490)	(5,903,951,539)	(475,130,438)	(35,923,161,070)
	110 000 000	(336,000,00)	(101 202 203)	(170 700 757)	(45 919 530 849)
Foreign currency exposure at 30 June 2015	(38,877,400,741)	(557,206,42)	(101,000,240,0)	(117,177,454)	(contractor to)

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

RISK MANAGEMENT DISCLOSURES 38

This section provides details of the Group's exposure to risk and describes the methods used by management to control risk. The most important types of financial risks to which the Group is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

Risks

Credit Risks

The Group's credit exposure at the balance sheet date from financial instruments held or issued for trading purposes is represented by the fair value of instruments with a positive fair value at that date, as recorded on the balance sheet.

The risk that counter-parties to trading instruments might default on their obligations is monitored on an ongoing basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and the volatility of the fair value of trading instruments.

To manage the level of credit risk, the Group deals with counter-parties of good credit standing, enters into master agreements whenever possible, and, when appropriate, obtains collateral.

The Group also monitors concentrations of credit risk by industry and type of customer in relation to the Group loans and advances to customers by carrying a balanced portfolio. The Group has a significant exposure to individual customers or counterparties.

Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

RISK MANAGEMENT DISCLOSURES (continued)

The Group has access to a diverse funding base. Funds are raised mainly from deposits and capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Bank strategy. In addition, the Group holds a portfolio of liquid assets as part to its liquidity risk management strategy.

Market risk

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rates levels consistent with the Group's business strategies. The Group does not have any significant interest rate risk exposures.

Currency risk

The Group is exposed to currency risk through transactions in foreign currencies. The Group's transactional exposures give rise to foreign currency gains and losses that are recognized in profit or loss. In respect of monetary assets and liabilities in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate.

Risk measurement and control

Interest rate, currency, credit, liquidity and other risks are actively managed by an independent risk control group to ensure compliance with the Group's risk limits. The Group's risk limits are assessed regularly to ensure their appropriateness given the Group's objectives and strategies and current market conditions. A variety of techniques are used by the Group in measuring the risks inherent in its trading and non-trading positions.

COMMERCIAL BANK OF ETHIOPIA BANK PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 Ethiopian Birr	2015 Ethiopian Birr
INTEREST INCOME	39	21,444,016,766	16,770,729,381
INTEREST EXPENSE	40	(6,421,614,783)	[4,884,869,214]
NET INTEREST INCOME		15,022,401,983	11,885,860,167
IMPAIRMENT LOSSES ON			
LOANS AND ADVANCES		[750,000,000]	(541,478,442)
NET INTEREST AFTER IMPAIRMENT LOSSES	71	14,272,401,983	11,344,381,725
GAIN ON FOREIGN CURRENCY TRANSACTIONS	1	1,251,028,835	1,961,819,280
NON INTEREST INCOME	41	4,344,936,895	4,057,105,810
NON INTEREST EXPENSES	42	(6,212,454,362)	[4,700,902,429]
		[616,488,632]	1,318,022,661
PROFIT BEFORE TAX		13,655,913,351	12,662,404,386
Income tax expense	43 (a)	[4,308,238,209]	(3,915,298,494)
·			
PROFIT FOR THE YEAR		9,347,675,142	8,747,105,892

COMMERCIAL BANK OF ETHIOPIA BANK BALANCE SHEET **AS AT 30 JUNE 2016**

	Notes	2016 Ethiopian Birr	2015 Ethiopian Birr
ASSETS			
Cash	44	23,070,313,760	20,082,956,807
Government securities	45	761,651,729	1,238,018,597
Coupon bonds	46	30,203,215,774	24,591,649,835
Corporate bonds	47	158,548,908,420	128,100,000,000
Placements with other banks	48	8,679,448,760	6,691,784,937
Loans to other financial Institutions		376,404,618	460,590,113
Loans and advances to customers	49	134,617,428,298	108,031,649,786
Other advances		8,279,447,698	5,008,955,737
Investments in subsidiaries	50	473,973,055	441,675,352
Other investments	51	52,082,611	40,798,548
Deferred Tax assets	52	10,771,584	9,674,973
Other assets	53	13,843,024,659	9,670,428,723
Intangible assets	54	52,799,046	44,646,337
Property, plant and equipment	55	5,473,657,511	2,138,654,541
Leasehold land	21	92,375,157	84,741,216
		384,535,502,680	306,636,225,502
LIABILITIES	4		
Deposits due to other banks		720,110,623	812,175,377
Customers' deposits	56	287,866,668,203	240,695,280,199
Current tax liabilities	43(d)	4,330,437,511	3,929,910,309
Dividend	23	15,871,889,603	15,938,133,246
Finance lease obligations		32,518,436	38,610,373
Other liabilities	57	59,634,687,866	32,318,979,224
	i	368,456,312,242	293,733,088,728
NET ASSETS		16,079,190,438	12,903,136,774
CAPITAL AND RESERVES			
17.7 Time to regiment the second of the second			
Capital	25	8,082,416,551	8,082,416,551
Capital reserve	26	839,048,611	-
Legal reserve	27	7,157,639,008	4,820,720,223
Interest free banking reserve	28	86,268	
interest free parking reserve	20		12 002 124 77/
		16,079,190,438	12,903,136,774

COMMERCIAL BANK OF ETHIOPIA BANK STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Capital Ethiopian Birr	Capital Reserve Ethiopian Birr	Legal Reserve Ethiopian Birr	Interest free Banking Reserve Ethiopian Birr	Retained Earnings Ethiopian Birr	Total Equity Ethiopian Birr
Balance at 30 June 2014	8,082,416,551	•	2,633,943,750	1	1	10,716,360,301
Profit for the year					8,747,105,892	8,747,105,892
Transfer to legal reserve			[2,186,776,473]		[2,186,776,473]	1
Dividend					[6,560,329,419]	(6,560,329,419)
Balance at 30 June 2015	8,082,416,551	1	4,820,720,223	ı	1	12,903,136,774
Profit for the year					9,347,675,142	9,347,675,142
Net assets of Construction and Business Bank SC		839,048,611				839,048,611
Transfer to legal reserve			2,336,918,785		(2,336,918,785)	1
Transfer				86,268		86,268
Dividend					(7,010,756,357)	[7,010,756,357]
Balance at 30 June 2016	8,082,416,551	839,048,611	7,157,639,008	86,268		16,079,190,438

COMMERCIAL BANK OF ETHIOPIA BANK STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	Ethiopian Birr	Ethiopian Birr
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	9,347,675,142	8,747,105,892
Adjustments for	7,0 17,0 70,1 172	0,717,100,072
Income tax expense recognized in profit or loss	4,308,238,209	3,915,298,494
Impairment of loans and advances	720,658,163	517,365,344
Depreciation and amortization of non-current assets	561,719,125	392,250,836
	(15,301,244)	(6,205,667)
Gain on disposal of property, plant and equipment		(0,200,007)
Dividend income recognized in profit or loss	(133,427,000)	(01 /0/ 00/)
Creditors' accounts written off in profit or loss	(29,341,837)	(21,484,006)
	14,760,220,558	13,544,330,893
Movements in working capital	(= 111 = 1 = 000	(1.051.511.014)
Increase in coupon bonds	(5,611,565,939	(6,854,564,961)
Increase in corporate bonds	[30,448,908,420]	[35,700,000,000]
Increase in loans and advances	(27,707,172,206)	(23,185,430,042)
Increase in other assets	(3,642,332,883	(2,792,793,859)
Increase in cash reserve with National Bank	[2,981,781,719]	(1,820,000,000)
Increase in customers' deposits	42,450,877,832	48,420,061,605
Increase in other liabilities	26,057,669,842	5,874,197,764
Cash generated by (used in) operations	12,877,007,065	(2,514,198,600)
Income taxes paid	(3,929,910,309)	(3,014,760,482)
Net cash generated by (used in) operating activities	8,947,096,756	(5,528,959,082)
Net cash generated by (asea in) operating activities	9771710701100	
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(3,525,055,394)	(936,096,394)
Proceeds from disposal of property, plant and equipment	17,645,472	6,436,444
Proceeds from redemption of government securities	472,183,093	237,821,800
	472,103,073	(35,249,301)
Payment for investment	[6,091,937]	(2,132,595)
Payment for leasehold land		
Reduction in guarantee deposits	637,937,474	6,121,540,608
Net cash (used in) generated by investing activities	[2,403,381,292]	5,392,320,562
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Increase In Capital	719,519,124	-
Dividend Paid	(7,077,000,000)	
Net cash outflow for financing activities	[6,357,480,876]	
Increase (Decrease) in cash and cash equivalents	186,234,588	(136,638,520)
Cash and cash equivalents at the beginning of the year	8,197,398,369	8,334,036,889
Cash and cash equivalents at the end of the year	8,383,632,957	8,197,398,369
oush and cash equivalents at the sha of the year	0,000,002,707	
Cash and cash equivalents comprise		
Cash in hand	4,404,977,422	3,695,181,986
Balances with National Bank of Ethiopia	3,945,174,719	4,649,394,921
	522,195,272	429,416,897
Placements with other banks	231,396,167	235,579,942
Government Securities	(720,110,623)	(812,175,377)
Deposits due to other banks		8,197,398,369
	8,383,632,957	0,177,070,007

NOTES TO THE BANK'S FINANCIAL STATEMENTS (continued)

Reference is made to the notes to the consolidated financial statements unless otherwise stated.

39	INTEREST INCOME	2016 Ethiopian Birr	2015 Ethiopian Birr
	Loans and advances	10,972,538,856	8,713,238,189
	Corporate bonds	8,391,394,328	6,467,176,163
	Coupon bonds	2,038,720,378	1,454,702,642
	Placements with other banks	26,494,035	119,585,540
	Government bonds	14,869,169	16,026,847
		21,444,016,766	16,770,729,381
40	INTEREST EXPENSE		
	Customers' deposits	6,328,908,569	4,802,909,584
	Deposits from other banks	92,699,998	81,957,077
	Others	6,216	2,553
		6,421,614,783	4,884,869,214
41	NON INTEREST INCOME		
	Commission	3,033,581,307	2,759,959,647
	Service and transaction fees	868,966,377	956,626,970
	Dividend received	133,427,000	
	Write back of creditors' accounts	29,341,837	21,484,006
	Gain on disposal of property, plant and equipment	15,301,244	6,205,669
	Collection from provision held	11,893,183	24,113,098
	Rental income	11,671,550	14,322,837
	Other income	240,754,397	274,393,583
		4,344,936,895	4,057,105,810
42	NON INTEREST EXPENSES		
	Salaries and employee benefits	3,968,798,175	3,081,208,988
	Depreciation	506,633,387	347,544,170
	Office rent	355,997,754	249,314,754
	Electronic data processing	167,470,895	77,485,156
	Advertising and publicity	119,677,801	141,932,639
	Stationery and office supplies	112,030,306	105,797,416
	Travel	69,163,323	34,765,191
	Postage and telephone	59,384,146	60,686,888
	Repairs and maintenance	53,550,188	45,896,743
	Service charges	39,119,808	29,328,557
	Insurance	34,500,355	25,351,919
	Motor vehicle running	21,110,804	19,745,727
	Water and electricity	11,696,912	11,277,849
	Legal and consultancy fees	5,367,667	4,547,133
	Land and building taxes	1,644,971	1,945,093
	Audit fee	924,236	972,786
	Board fees	316,280	325,509
	Miscellaneous	685,067,354	462,775,911
		6,212,454,362	4,700,902,429

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE BANK'S FINANCIAL STATEMENTS (continued)

A				
Current taxation based on the adjusted profit for the year at 30% 4,304,437,511 3,929,910,309 Deferred tax in respect of the current year 12,21,99,3021 114,611,815 3,915,298,494	43	TAXATION		
Deferred tax in respect of the current year	(a)	Profit and loss account - Income tax expense		
(b) Tax expense computation Net profit before taxation Add: Disallowed expenses Provision for doubtful debts write off Provision for doubtful debts write off Add: Disallowed expenses Provision for doubtful debts write off Add: Disallowed expenses Provision for doubtful debts write off Amortization Amortization Amortization Amortization Entertainment and donations Ba.633.098 Ba.633.099 Ba.633.098 Ba.633.0		Current taxation based on the adjusted profit for the year at 30%	4,330,437,511	3,929,910,309
(b) Tax expense computation Net profit before taxation Add: Disallowed expenses Provision for doubtful debts write off Depreciation Add: Disallowed expenses Provision for doubtful debts write off Depreciation Add: Disallowed expenses Provision for doubtful debts write off Depreciation Add: Disallowed expenses Depreciation Amortization Amortization Ba. 433.098 A. 6.837.44.170 Amortization Ba. 433.098 A. 6.837.44.0 Amortization Ba. 433.098 A. 6.837.44.0 Amortization Ba. 453.520.075 Ba. Allowed expenses Depreciation Amortization Ba. 453.520.075 Ba. 18.161.688 Amortization Ba. 18.611.384 Ba. 17.169.887 Ba. 18.611.384 Ba. 17.169.887 Ba.		Deferred tax in respect of the current year	[22,199,302]	[14,611,815]
Net profit before taxation 13,655,913,351 12,662,404,386 Add: Disatluced expenses Provision for doubtful debts write off 750,923,144 541,478,442 Depreciation 504,556,013 347,544,170 Amortization 53,233,557 42,224,718 Entertainment and donations 8,833,059 6,837,640 Lass: Allowed expenses 14,975,259,163 13,601,189,356 Less: Allowed expenses Depreciation 453,520,075 318,161,668 Amortization 453,520,075 318,161,688 Amortization 453,220,075 Amortization 453,220,075 Amortization 453,220,075 Amortization 453,220,075 Amortization 453,220,075 Amortizatio			4,308,238,209	
Net profit before taxation 13,655,913,351 12,662,404,386 Add: Disatluced expenses Provision for doubtful debts write off 750,923,144 541,478,442 Depreciation 504,556,013 347,544,170 Amortization 53,233,557 42,224,718 Entertainment and donations 8,833,059 6,837,640 Lass: Allowed expenses 14,975,259,163 13,601,189,356 Less: Allowed expenses Depreciation 453,520,075 318,161,668 Amortization 453,520,075 318,161,688 Amortization 453,220,075 Amortization 453,220,075 Amortization 453,220,075 Amortization 453,220,075 Amortization 453,220,075 Amortizatio	(h)	Tax expense computation		
Add: Disaltowed expenses Provision for doubtful debts write off Depreciation Signature Amortization Entertainment and donations Entertainment and Entertainmen	(2)		13 655 913 351	12 442 404 204
Provision for doubtful debts write off 750,923,144 541,478,442 Depreciation 506,556,013 347,544,170 Amortization 53,233,557 42,924,718 Entertainment and donations 8,633,098 6,837,640 1,319,345,812 938,784,970 14,975,259,163 13,601,189,356 Less: Allowed expenses			10,000,710,001	12,002,404,300
Depreciation			750 022 177	5/1 /78 //2
Amortization				
Entertainment and donations 8,633,098 6,837,640 1,319,345,812 938,784,970 14,975,259,163 13,601,189,356 Less: Allowed expenses Depreciation 453,520,075 318,161,688 Amortization 18,611,384 17,169,887 472,131,459 335,331,555 14,503,127,704 13,265,857,801 Less: Income not to be included in taxable profit Income taxed at source or exempt 41,363,204 135,612,388 Bad debt recovered 11,671,551 24,113,098 Gain on disposal of property, plant and equipment 15,301,244 6,431,286 Gain on disposal of property, plant and equipment 68,335,999 166,156,772 Taxable profit 14,434,791,705 13,099,701,029 Current tax payable - Income tax at 30% 4,304,37,511 3,929,910,309 Deferred tax 12,199,302 114,611,815 Tax expense 4,308,238,209 3,915,298,494 Cc) Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of expenses not deductible for tax purposes 141,639,438 110,659,467 Tax effect of income taxed at source or exempt 120,500,800 149,847,031 Current tax payable 14,411,815		Action of the second se		
1,319,345,812 938,784,970 14,975,259,163 13,601,189,356 Less: Allowed expenses Depreciation 453,520,075 318,161,668 Amortization 18,611,384 17,169,887 472,131,459 335,331,555 14,503,127,704 13,265,857,801 Less: Income not to be included in taxable profit Income taxed at source or exempt 41,363,204 135,612,388 Bad debt recovered 11,671,551 24,113,098 Gain on disposal of property, plant and equipment 15,301,244 6,431,286 68,335,999 166,156,772 Taxable profit 14,434,791,705 13,099,701,029 Current tax payable - Income tax at 30% 4,303,437,511 3,929,910,309 Deferred tax 122,199,302 114,611,815 Tax expense 4,308,238,209 3,915,298,494 C) Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax at flect of expenses not deductible for tax purposes 141,639,488 100,599,467 Tax effect of allowed expenses 141,639,488 100,599,467 Tax effect of allowed expenses 141,639,488 100,599,467 Tax effect of income taxed at source or exempt 20,500,800 49,847,511 3,929,710,309 Deferred tax 22,199,302 14,611,815				
14,975,259,163 13,601,189,356		Entertainment and donations		
Less: Allowed expenses Depreciation 453,520,075 318,161,668 Amortization 18,611,384 17,169,887 472,131,459 335,331,555 14,503,127,704 13,265,857,801 14,503,127,704 13,265,857,801 14,503,127,704 13,265,857,801 16,503,127,704 13,265,857,801 16,503,127,704 13,265,857,801 16,503,127,704 13,265,857,801 16,503,127,704 13,655,2388 Bad debt recovered 11,671,551 24,113,098 Gain on disposal of property, plant and equipment 15,301,244 6,431,286 68,335,999 166,156,772 13,099,701,029 14,434,791,705 13,099,701,029 14,434,791,705 13,099,701,029 14,611,815 Tax expense 4,308,238,209 3,915,298,494 16,613,815 12,662,404,386 12,662,404,386 13,655,913,351 12,662,404,386 12,6				
Depreciation			14,975,259,163	13,601,189,356
Amortization 18,611,384 17,169,887 472,131,459 335,331,555 14,503,127,704 13,265,857,801 Less: Income not to be included in taxable profit Income taxed at source or exempt 41,363,204 135,612,388 Bad debt recovered 11,671,551 24,113,098 Gain on disposal of property, plant and equipment 15,301,244 6,431,286 68,335,999 166,156,772 Taxable profit 14,434,791,705 13,099,701,029 Current tax payable - Income tax at 30% 4,330,437,511 3,929,910,309 Deferred tax 122,199,302 [14,611,815] Tax expense 4,308,238,209 3,915,298,494 c) Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,637,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]		Less: Allowed expenses		
Amortization 18,611,384 17,169,887 472,131,459 335,331,555 14,503,127,704 13,265,857,801 Less: Income not to be included in taxable profit Income taxed at source or exempt 41,363,204 135,612,388 Bad debt recovered 11,671,551 24,113,098 Gain on disposal of property, plant and equipment 15,301,244 6,431,286 68,335,999 166,156,772 Taxable profit 14,434,791,705 13,099,701,029 Current tax payable - Income tax at 30% 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815] Tax expense 4,308,238,209 3,915,298,494 CI Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]		Depreciation	453,520,075	318,161,668
Less: Income not to be included in taxable profit Income taxed at source or exempt 41,363,204 135,612,388 Bad debt recovered 11,671,551 24,113,098 Gain on disposal of property, plant and equipment 15,301,244 6,431,286 68,335,999 166,156,772		Amortization		17,169,887
Less: Income not to be included in taxable profit Income taxed at source or exempt Bad debt recovered Gain on disposal of property, plant and equipment Taxable profit Current tax payable - Income tax at 30% Deferred tax Col. Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation Tax at the applicable rate of 30% Tax effect of expenses not deductible for tax purposes Tax effect of income taxed at source or exempt Tax effect of income taxed at source or exempt Current tax payable Less: Income not to be included in taxable profit 41,363,204 13,5612,388 141,633,204 15,301,244 6,431,286 68,335,999 166,156,772 13,099,701,029 14,611,815 13,099,701,029 14,611,815 13,655,913,351 12,662,404,386 13,655,913,351 12,662,404,386 13,655,913,351 12,662,404,386 141,639,4381 100,599,467 15,201,202 141,631,4381 100,599,467 15,201,202 161,611,815 161,612,703 162,103,438 161,035,947 17,030 182,947,031 183,0437,511 183,265,913,351 194,643,438 194,347,031 194,847				335,331,555
Income taxed at source or exempt				
Income taxed at source or exempt				
Bad debt recovered				
Gain on disposal of property, plant and equipment 15,301,244 6,431,286 68,335,999 166,156,772				
Taxable profit				
Taxable profit Current tax payable - Income tax at 30% Deferred tax [22,199,302] Tax expense 4,308,238,209 3,915,298,494 Color Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation Tax at the applicable rate of 30% Tax at the applicable rate of 30% Tax effect of expenses not deductible for tax purposes Tax effect of allowed expenses [141,639,438] Tax effect of income taxed at source or exempt [20,500,800] Current tax payable Deferred tax [22,199,302] [14,611,815]		Gain on disposal of property, plant and equipment		
Current tax payable - Income tax at 30% 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815] Tax expense 4,308,238,209 3,915,298,494 C) Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] (49,847,031) Current tax payable Deferred tax (22,199,302) [14,611,815]			68,335,999	166,156,772
Deferred tax [22,199,302] [14,611,815] Tax expense 4,308,238,209 3,915,298,494 C] Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]		Taxable profit	14,434,791,705	13,099,701,029
Deferred tax [22,199,302] [14,611,815] Tax expense 4,308,238,209 3,915,298,494 C] Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]		Current tax payable - Income tax at 30%	4 330 437 511	3.929.910.309
Tax expense 4,308,238,209 3,915,298,494 c) Reconciliation of tax expense to the expected tax based on accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]				
accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]		Tax expense		
accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]				
accounting profit Net profit before taxation 13,655,913,351 12,662,404,386 Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]	(c)	Reconciliation of tax expense to the expected tax based on		
Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]				
Tax at the applicable rate of 30% 4,096,774,005 3,798,721,316 Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]		Not profit before taxation	12 455 012 251	12 442 404 204
Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]		ואבי אוטווג טפוטופ נמגמנוטוו	13,000,713,301	12,002,404,386
Tax effect of expenses not deductible for tax purposes 395,803,744 281,635,491 Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]		Tax at the applicable rate of 30%	4,096,774,005	3,798,721,316
Tax effect of allowed expenses [141,639,438] [100,599,467] Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]		Tax effect of expenses not deductible for tax purposes		281,635,491
Tax effect of income taxed at source or exempt [20,500,800] [49,847,031] Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]				
Current tax payable 4,330,437,511 3,929,910,309 Deferred tax [22,199,302] [14,611,815]				
Deferred tax (22,199,302) (14,611,815)		The state of the s		

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE BANK'S FINANCIAL STATEMENTS (continued)

2016 Ethiopian Birr	2015 Ethiopian Birr
3,929,910,309	3,014,760,482
	(3,014,760,482)
4,330,437,511	3,929,910,309
4,330,437,511	3,929,910,309
	3,929,910,309 (3,929,910,309) 4,330,437,511

44 CASH	2016 Ethiopian Birr	2015 Ethiopian Birr
Cash on hand	4,404,977,422	3,695,181,986
Cash reserve with National Bank of Ethiopia	14,720,161,619	11,738,379,900
Payment and settlement account with National Bank of Ethiopia	3,945,174,719	4,649,394,921
4	23,070,313,760	20,082,956,807

The cash reserve is non-interest earning and is based on the value of deposits as adjusted for National Bank of Ethiopia requirements. The cash reserve requirement is 5% of the eligible deposits. These funds are not available to finance the Bank's day-to-day operations.

45 GOVERNMENT SECURITIES

Government bonds bearing interest at 2% and 5% per annum and interest free bonds

	2016 Ethiopian Birr	2015 Ethiopian Birr
On demand	209,188,817	213,372,593
Maturing within 90 days	22,207,350	22,207,349
Maturing after 90 days and within one year		105,894,235
Maturing after one year	530,255,562	896,544,420
	761,651,729	1,238,018,597

46 COUPON BONDS

Non-negotiable unsecured bonds, bearing interest at the rate of 6% per annum, and repayable over a period of 10 years from date of issue.

	2016 Ethiopian Birr	2015 Ethiopian Birr
Maturing after 90 days and within one year	10,714,611,612	10,796,161,364
Maturing after one year	19,488,604,162	13,795,488,471
,	30,203,215,774	24,591,649,83

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE BANK'S FINANCIAL STATEMENTS (continued)

			200	
47 CORPORATE BONDS		2016 Ethiopian Birr	2015 Ethiopian Birr	
	Ethiopian Electric Power	140,300,000,000	93,200,000,000	
	Ethiopian Electric Utility	2,800,000,000	21,900,000,000	
	<u> </u>			
	Being non-negotiable unsecured bonds, bearing interest at the			
	rate of 6% per annum and repayable variously through 2024.	143,100,000,000	115,100,000,000	
	Ethiopian Railway Corporation			
	Being negotiable bonds, bearing interest at the rate of 6% per			
	annum, secured by a letter of guarantee from the Ministry of			
	Finance and Economic Cooperation, and repayable through 2023.	15,448,908,420	13,000,000,000	
	d .	158,548,908,420	128,100,000,000	
48	PLACEMENTS WITH OTHER BANKS			
	Due within 90 days	522,195,271	429,416,897	
	Due over 90 days	8,157,253,489	6,262,368,040	
	Due over 70 days	8,679,448,760	6,691,784,937	
10	LOANS AND ADVANCES TO OUSTOMEDS	0,017,440,700	0,071,704,707	
49	LOANS AND ADVANCES TO CUSTOMERS			
	Term and merchandise loans	119,663,430,029	94,199,264,472	
	Overdrafts	2,947,888,328	3,630,327,618	
	Advances on import and export bills	15,776,288,141	13,145,106,854	
		138,387,606,498	110,974,698,944	
	Less: Provision for impairment losses	3,770,178,200	2,943,049,158	
		134,617,428,298	108,031,649,786	
	Repayable			
	on demand	12,805,895,528	5,297,583,722	
	within one year	22,002,952,016	24,341,689,979	
	within one to five years	17,855,999,792	16,112,040,299	
	within periods exceeding five years	81,952,580,962	62,280,335,786	
FO	INVECTMENTS IN SUBSIDIABLES	134,617,428,298	108,031,649,786	
50	INVESTMENTS IN SUBSIDIARIES			
	Commercial Nominees PLC			
-	(161,250 shares at Birr 1,000 each) (100% ownership)	161,250,000	25,992,000	
	Additional contribution awaiting share allotment	-	102,960,297	
	Additional contribution awaiting share attendent	161,250,000	128,952,297	
	Commercial Bank of Ethiopia, South Sudan Limited	10112001030	,,,	
	(100% ownership)	312,723,055	312,723,055	
	• • • • • • • • • • • • • • • • • • • •	473,973,055	441,675,352	
The	ese investments are stated at cost.			

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE BANK'S FINANCIAL STATEMENTS (continued)

51 OTHER INVESTMENTS	2016 Ethiopian Birr	2015 Ethiopian Birr	
Ethswitch SC (22,740 shares at Birr 1,000 each)	22,740,000	11,370,000	
African Export Import Bank (245 shares of USD 10,000 each)	29,098,497	29,098,497	
S.W.I.F.T. SCRL (12 shares of EURO 125 each)	244,114	244,114	
Gelately Hankey and Company (8,625 shares of Birr 10 each)		<u>85,937</u>	
	52,082,611	<u>40,798,548</u>	
52 DEFERRED TAX ASSET			
Difference in the tax base of property, plant and equipment and their value for accounting purposes.			

53 OTHER ASSETS	2016 Ethiopian Birr	2015 Ethiopian Birr
Interest receivable	8,504,165,948	5,511,664,718
Prepaid office rent	1,245,986,393	764,506,948
Ministry of Finance and Economic Coop	eration 1,230,978,839	1,230,978,839
Foreign receivables	818,528,741	661,603,383
Stationery and other supplies	669,609,372	325,119,694
Purchases in progress	496,313,802	660,534,245
IT expansion project	434,982,163	231,080,002
Acquired properties	161,490,063	145,837,900
Other receivables	474,621,859	334,573,189
CANCAL TO CONTROLLED	14.036,677,180	9,865,898,918
Less: Provision for doubtful debts	193,652,521	195,470,195
2000. 1 101.0.0.1 101 404.51.21 405.10	13,843,024,659	9,670,428,723

54 INTANGIBLE ASSETS	2016 Ethiopian Birr	2015 Ethiopian Birr
COST	建设建设设置的	
Core Banking Software	172,728,738	111,342,473
Card Banking Software	16,862,606	16,862,606
Infrastructure and IT	32,658,062	32,658,062
Smart Banking Software	3,195,582	3,195,582
	225,444,988	164,058,723
AMORTIZATION		
Balance at 30 June 2014	119,412,386	76,487,667
For the year	53,233,556	42,924,719
	172,645,942	119,412,386
	52,799,046	44,646,337

COMMERCIAL BANK OF ETHIOPIA NOTES TO THE BANK'S FINANCIAL STATEMENTS (continued)

55 F	PROPERTY AND EQUIPMENT	Balance at 30 June 2015 ETB	Additions ETB	Transfers Disposals ETB	Balance at 30 June 2016 ETB
	COST				
Е	Buildings	427,354,008	39,715,582	9,502,149	476,571,739
	Computers and software	748,305,852	472,366,340		1,220,672,192
F	Fixtures, fittings and equipment	1,002,169,781	391,522,094	(3,875,757)	1,389,816,118
N	Motor vehicles	531,279,910	302,892,870	[14,807,582]	819,365,198
V	Work in progress	783,064,290	2,637,406,325	[9,502,149]	3,410,968,466
		3,492,173,841	3,843,903,211	[18,683,339]	7,317,393,713
Ι	DEPRECIATION				
Е	Buildings	220,787,175	17,298,280		238,085,455
C	Computers and software	376,926,173	204,262,036		581,188,209
F	Fixtures, fittings and equipment	394,039,478	217,288,576	(1,535,437)	609,792,617
N	Motor vehicles	361,766,474	67,707,121	[14,803,674]	414,669,921
		1,353,519,300	506,556,013	[16,339,111]	1,843,736,202
N	NET BOOK	2,138,654,541			5,473,657,511

56 CUSTOMERS' DEPOSITS	2016 Ethiopian Birr	2015 Ethiopian Birr
Payable on demand		
Private sector and retail customers	52,299,594,150	41,339,280,525
Local and Central Government	48,156,609,743	47,502,359,044
Public enterprises and agencies	32,387,602,874	28,703,223,407
	132,843,806,767	117,544,862,976
Savings deposits		
Private sector and retail customers	136,333,075,826	106,162,142,877
Public enterprises and agencies	3,358,427,690	2,212,897,916
	139,691,503,516	108,375,040,793
Term deposits		
Private sector and retail customers	9,976,840,548	4,383,067,210
Public enterprises and agencies	2,082,717,582	9,143,857,174
Local and Central Government	100,000,000	
	12,159,558,130	13,526,924,384
Interest-free banking		
All Sectors	3,171,799,790	1,248,452,046
	287,866,668,203	240,695,280,199

57 OTHER LIABILITIES	2016 Ethiopian Birr	2015 Ethiopian Birr
National Bank of Ethiopia	34,747,790,845	13,134,843,807
Margin accounts and deposits for guarantees	12,267,813,233	10,247,212,872
Payable to other banks	6,259,069,304	3,252,341,470
CPO's, telegraphic transfers and money transfers	3,077,429,489	2,575,080,354
Inter-branch clearing	683,953,030	1,253,792,457
Blocked accounts	543,520,748	464,324,771
Accrued leave pay	291,919,962	212,408,235
Other taxes	241,128,760	118,178,148
Unearned income	76,327,379	39,895,777
Pension contributions	29,575,802	22,673,589
Miscellaneous	1,416,159,314	998,227,744
	59,634,687,866	32,318,979,224

NOTES TO THE BANK'S FINANCIAL STATEMENTS (continued)

58 DEFERRED TAX LIABILITY

Differences in the tax base of property, plant and equipment and their value for accounting purposes.

59 OTHER CONTINGENT LIABILITIES

The Bank is defendant for a total amount of approximately Birr 41 million in respect of legal actions brought by different organizations and individuals, which are being contested by the Bank. It is not possible to assess the outcome of these cases.

60 COMMITMENTS

a) CAPITAL COMMITMENTS

The Group and Bank had capital commitments at 30 June 2016 of Birr 4,097,789,920 (2015-Birr 294,806,726).

b) OTHER COMMITMENT

A further investment to increase the capital of the Bank's South Sudanese subsidiary is required under South Sudanese law. The requirement is an increase of USD 10,000,000, in order to raise the capital to a minimum of USD 30,000,000 by 30 June 2016. The Bank is negotiating with Bank of South Sudan regarding this further investment.

61 INCORPORATION

The Bank is incorporated in Ethiopia under Commercial Bank of Ethiopia Establishment Council of Ministers Regulations No. 202/1994 and is domiciled in Ethiopia.

62 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Ethiopian Birr.

63 AUTHORIZATION

The President of the Bank authorized the issue of these financial statements on 14 June 2017.

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