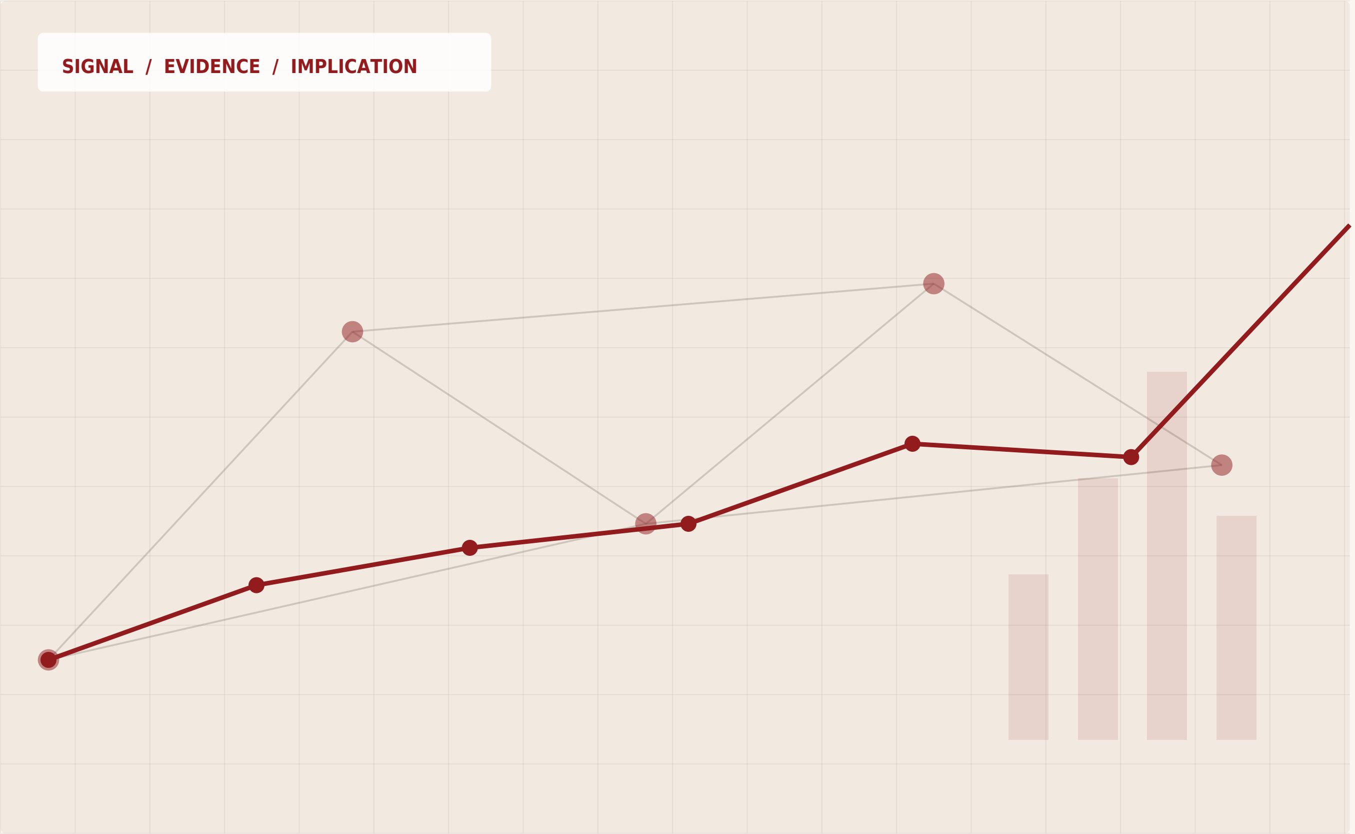
FINANCE / CAPITAL MARKETS / INVESTMENT

MARKET BRIEF / AUGUST 2026

ESX and the Architecture of a New Market

A Record IPO, a Missed Target, and the Gap Between Registered and Trading



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47,000+ **Investors in Ethio Telecom's IPO** *Source: ESX, May 2026*	**6** **Companies currently listed on ESX** *Source: ESX, as of Jul 28, 2026*	**13 vs 6** **Companies registered vs. actually trading** *Source: Banks in Ethiopia, Jul 31, 2026*	**ETB 3.32T** **Cumulative interbank money market volume** *Source: ESX / NBE, Jun 2026*
9 vs 5 **FY2025/26 listing target vs. actual at deadline** *Source: ESX CEO statement, Apr 2026*	**70+** **Companies in ECMA's prospectus review pipeline** *Source: ECMA, reaffirmed Jul 2026*	**25%** **New listing-linked tax rate, down from 30%, for 3 yrs** *Source: Council of Ministers Reg. 586/2026*	**11-19%** **Range of T-bill yields across tenors, trending down** *Source: ESX Fixed Income Market / NBE*

01 A RECORD IPO, A MISSED TARGET

Ethio Telecom's public offering drew more than 47,000 participating investors, the largest share offering in Ethiopian history by shareholder count, and the company's shares began trading on the Ethiopian Securities Exchange (ESX) Main Market on May 26, 2026. It is, by any measure, the flagship event of Ethiopia's eighteen-month-old capital market.

But the flagship listing sits inside a target the exchange itself set and did not meet. ESX's own leadership stated publicly, on more than one occasion in the months before, that the exchange was aiming for at least nine listed companies before Ethiopia's fiscal year closed on July 7, 2026. Five companies had listed by that date. A sixth, Bank of Abyssinia, arrived three weeks late, on July 28.

What Actually Listed, and When

- **Wegagen Bank (WGBX):** the exchange's first listing, January 10, 2025.
- **Gadaa Bank (GDAB):** listed five months later, June 13, 2025.
- **Awash Bank (AWAB):** Ethiopia's largest privately owned bank, listed by introduction, April 23, 2026.
- **Ethio Telecom (TELE):** the flagship listing, May 26, 2026.
- **Abay Bank (ABAYB):** listed June 25, 2026.
- **Bank of Abyssinia (BOAX):** listed July 28, 2026, three weeks after the fiscal year deadline.

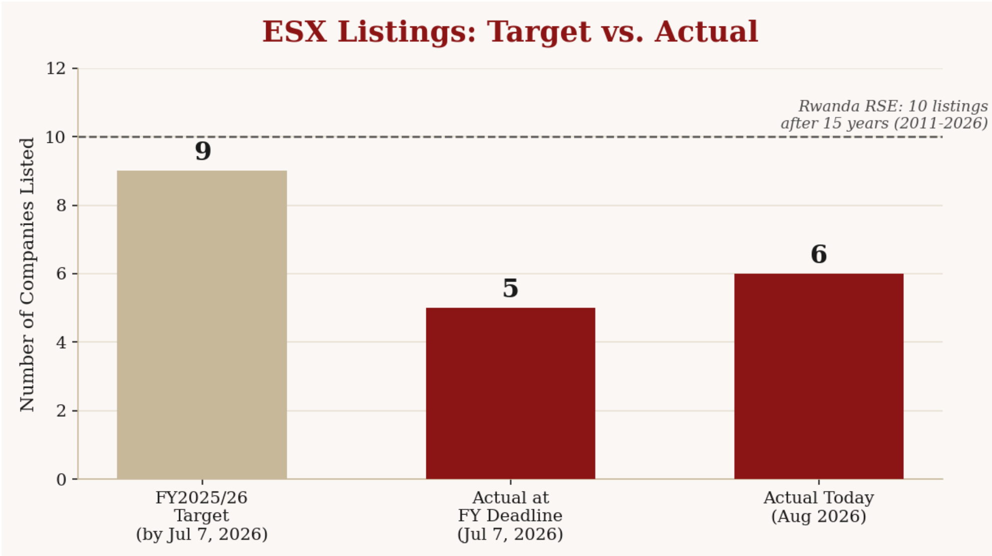

Figure 1: ESX's own publicly stated FY2025/26 target compared to what actually listed by the deadline and today, benchmarked against Rwanda's 15-year listings history. Sources: ESX CEO statements (African Capital Markets News, Apr 2026); ESX Listed Companies (esx.et, as of Jul 28, 2026); Bloomberg, Jan 2025.

> **THE TARGET WAS ESX'S OWN**
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> This is not an external benchmark applied unfairly to a young market. Five of nine, with a sixth three weeks late, is a shortfall against a number the exchange's own leadership put on the record.

02 REGISTERED IS NOT LISTED

The six-listing count understates how much paperwork is actually sitting in the pipeline, and how much of it has stalled. At least 13 companies have had their securities formally registered by the Ethiopian Capital Market Authority (ECMA) since the current directive took effect. Only six of them are trading. The other seven illustrate a specific bottleneck: approval is not the same as access to the trading floor.

Dashen Bank is the clearest case. The bank raised roughly ETB 6.4 billion (about $41 million) in a rights offering that closed in February 2026, explicitly to prepare its shares for listing, and completed its securities registration with ECMA around the same time. Six months later, it has still not listed. Habesha Breweries and the Addis International Convention Center sit in the same registered-but-unlisted state. Two further banks that received ESX's earlier 'approval in principle', Anbesa Bank and Amhara Bank, have not yet reached even the registration stage in the most recent public tracking available.

> **LEADERSHIP IN TRANSITION**
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> On August 7, 2026, founding CEO Dr. Tilahun Esmael Kassahun resigned. The board appointed Yodit Kassa, previously Chief Operating Officer, as his successor. ESX said her mandate is to focus on increasing the number of issuers and market participants, introducing new products, and strengthening market infrastructure, effectively, converting the backlog above into actual listings.

03 WHAT'S ACTUALLY TRADING

It would be a mistake to read ESX purely as an equity story that is running ahead of debt markets. The opposite is closer to true in one specific segment: government paper is the most liquid, most active part of this exchange today. Treasury bills across 28-day, 91-day, and 182-day tenors have traded on ESX's platform since mid-2025, with real, published, weighted-average yields that have moved from the high teens down to roughly 11 to 14 percent across tenors over the past year, a genuine and checkable signal of easing liquidity conditions.

Ethiopia's Interbank Money Market (IMM), operationalized by the National Bank of Ethiopia and run on ESX's trading infrastructure, tells the same story at larger scale. From a standing start when it launched in October 2024, cumulative transaction volume passed ETB 1 trillion by September 2025, ETB 2 trillion by March 2026, and ETB 3.32 trillion by June 2026, an unambiguous acceleration in how Ethiopian banks manage short-term liquidity through a market mechanism rather than administrative allocation.

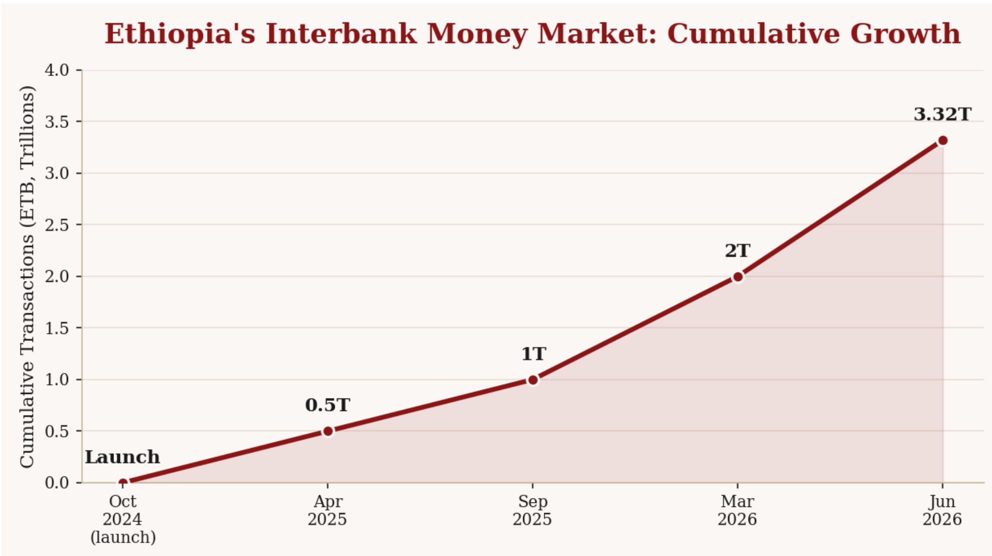

Figure 2: Cumulative transaction volume on Ethiopia's Interbank Money Market since its October 2024 launch. Sources: ESX press releases (Sep 2025, Jun 2026); National Bank of Ethiopia.

The gap sits specifically in corporate debt. Government T-bills and the interbank market are both, functionally, sovereign and bank-to-bank instruments. Corporate bond issuance on ESX is effectively still at zero, and even the exchange's own outgoing CEO named debt-market development and institutional investor participation as the unfinished half of the mandate, not equity.

There is at least one concrete, checkable lever aimed at this gap. In March 2026, a Council of Ministers regulation cut the business income tax rate from 30 percent to 25 percent for three years for any non-financial company that lists on ESX, a direct incentive for the manufacturing and services companies whose shares are not yet on this exchange.

04 THE RWANDA COMPARISON

Rwanda's Stock Exchange (RSE) launched in January 2011. Fifteen years on, it lists ten companies, half of them secondary or cross-listings rather than primary domestic offerings, and its own CEO's stated ambition for 2025 was just two new IPOs. World Bank data shows Rwanda's count of listed domestic companies has been essentially flat, between four and five, for most of the past decade.

Measured against that trajectory, ESX reaching six listings in under twenty months is still faster than Rwanda's fifteen-year pace. Missing an internally set target is a real finding; it is a different finding from falling behind the regional benchmark, and the two should not be collapsed into one story.

The comparison cuts the other way too, and this brief will not present the upside without the offsetting structural point Standard 6 requires: Ethiopia's economy is roughly forty times the size of Rwanda's by nominal GDP. A market this size moving at a pace that merely beats a much smaller neighbor's slow-growth exchange is a more consequential shortfall than the same pace would represent for a market of Rwanda's scale. Speed relative to Kigali is reassuring; it is not, on its own, evidence that ESX is on track for the 50-listings-in-five-years target its outgoing leadership set.

05 EDITOR'S OUTLOOK: WHAT THIS MEANS FOR CAPITAL DEPLOYMENT

What is genuinely investable on ESX today is narrower than the headline pipeline suggests: government treasury bills with real, liquid, published yields, and a small set of bank and telecom equities where secondary trading remains thin. What is not yet investable: corporate bonds, a functioning share-price index (targeted for June 2026 and, as of this writing, not confirmed as launched), and meaningful sector diversification beyond banking and telecom.

Three things are worth watching under the new CEO. First, whether Dashen, Anbesa, and Amhara convert registration into actual listings within the next two quarters, the single clearest test of whether the backlog is a temporary bottleneck or a structural one. Second, whether the promised market index finally launches, a prerequisite for the kind of index-tracking products that draw in passive and institutional capital. Third, whether the new 25 percent tax rate pulls in the first non-financial listing, the signal that this market is broadening beyond state-linked banks and a single flagship telecom.

THE BOTTOM LINE

Ethiopia's capital market is real financial infrastructure, evidenced by a trillion-birr money market and a functioning T-bill auction calendar, not a symbolic gesture. But a market built on the strength of one IPO announcement will hit a ceiling faster than one built on institutional depth. The leadership transition now underway is either the moment the registration backlog clears, or the moment the nine-listing target quietly resets without anyone saying so.

DATA INTEGRITY NOTE

The finding that ESX's market index has not launched is inferred from the absence of any such announcement in the exchange's own chronological news archive through August 7, 2026, not from a direct statement confirming delay; this should be re-verified at publication. The ETB-to-USD conversion for the interbank money market figure uses the prevailing August 2026 exchange rate (approximately 161 birr per dollar) applied to a June 2026 birr figure, and is presented as an approximation, not a same-period conversion.

SOURCES

Ethiopian Securities Exchange (esx.et): press releases and primary listings/instruments data, 2025-2026. National Bank of Ethiopia: interbank money market and Treasury bill reporting, 2026. Ethiopian Capital Market Authority statements, via African Capital Markets News, Dec 2025-Jul 2026. Banks in Ethiopia, "Who Is Listed and Trading, and Who Is Just Registered?", Jul 31, 2026. StockMarket.et, various, 2026. Kenyan Wall Street and Africa Business Communities, CEO transition coverage, Aug 2026. Bloomberg, "Rwanda Bourse With 10 Stocks Is Keen to Boost Listings by 20%", Jan 8, 2025. World Bank / CEIC, Rwanda listed domestic companies data. Council of Ministers Investment Tax and Customs Incentives Regulation No. 586/2026.