



Nib International Bank

ANNUAL REPORT

JULY 2012 - JUNE 2013

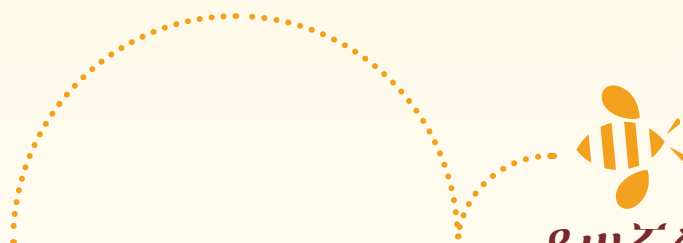
Future Headquarters of Nib International Bank





Nib InternationalBank

**ANNUAL REPORT
(JULY 2012 - JUNE 2013)**



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እንደ ንብ !**

The Bank that Strives to Stimulate Growth !



Cover Page
The future Head Office of Nib International Bank & Nib Insurance Company



CONTENTS	PAGE
Message of the Board Chairman	7
Message of the President	9
1. BACKGROUND	10
1.1. Global Economic Situation	10
1.2. Domestic Economic Situation	10
2. DIRECTORS' REPORT	11
2.1. Planned Major Activities & Achievements	11
2.1.1. Planned Major Activities	11
2.1.2. Major Activities and Achievement	11
2.2. Financial Performance	12
2.2.1. General	12
2.2.2. Deposits	13
2.2.3. Loans and Advances	14
2.2.4. Income Statement Analysis	16
2.3. Trade Finance Operations	19
2.4. Profit	19
2.5. Return on Assets and Paid-Up Capital	19
2.6. Human Resource	19
2.7. Information Technology	20
2.8. Branch Expansion	20
2.9. Future Plans	21
3. VOTE OF THANKS	21
AUDITORS' REPORT	22



Vision

To become an icon of excellence and the leading commercial bank in Ethiopia.

Mission

To provide customer focused, efficient and effective full-fledged commercial banking services by deploying qualified, honest and motivated staff, state-of-the-art technology and thereby optimize stakeholders' interest.

Values

NIB upholds the following values:

-  Loyalty;
-  Transparency;
-  Accountability;
-  Social responsiveness;
-  Honesty and integrity;
-  Organizational excellence
-  Equal employment opportunity.
-  Prudent and professional banking practices;
-  Competitive services and sustainable growth.



Board of Directors



Ato Tafesse Bogale
Chairman



Ato Tesfaye H/Mariam
V/Chairman



Ato Sisay Mamo



Dr. Alemayehu Areda



Dr. Ing. Belay W/Yes



Ato Kore Bawe



Ato Kifle Yirga



W/ro Martha H/Mariam



Ato Lemma Argaw



Dr. Yitfessah Alemu



Ato Bogale Admassu



Ato Bogale kibret
Board Secretary



Management



Ato Kibru Fondja
President



Ato Gashawtena Amdetsion
V/P - Strategic Support & Modernizations



Ato Solomon Goshime
V/P - Resources & Facilities



Ato Kedir Bedewi
Special Advisor to the President



Ato Solomon Assefa
Manager, Trade Finance



Ato Fresenbet G/Medhin
Manager, E-Banking



Ato Mulugeta Dilnesaw
Manager, Corporate Planning & Bus.Dev.



Ato Lulseged Niguse
Internal Audit



Ato Abera Shire
Manager, Human Resource Management



W/ro Eden Haddis
Manager, Treasury & Fund Mgt.



Ato Yoseph Kibret
Manager, Information System



Ato Seifu Agenda
Manager, Credit Appraisal



Ato Lemma H/Michael
Manager, Customer Relations Mgt.



Ato Assefa Jeza
Manager, Logistics & Property Management



Ato Habib Mohammed
Manager, Domestic Banking



Ato Teshome Shenkuti
Manager, Risk Management



Ato Desalegn Yizengaw
Manager, Accounts & Finance



Ato Beyene Alemu
Manager, Legal Services



Ato Endalew Bazezew
Exc. Assistant to the President



Message of the Board Chairman

On behalf of the Board of Directors and on my own behalf, I am pleased to present the 14th annual report for the financial year ended June 30, 2013. It gives me a great pleasure that the Management and Board have strived to maintain competitiveness during the financial year where the nature of the competition has increasingly intensified.

Having considered the current economic environment and competition in the financial industry, the Board of Directors' has taken a number of landmark measures to cope up with the situation during the year under consideration. With this in mind, the Bank has put in place the 2nd five-year strategic plan for 2012/13-2016/17 along with the revision of the organizational structure, deployment of human resources, branch expansion and re-grading so as to foster a stable environment and ensure sustainable growth by integrating the strategy with daily operations. Moreover, effort has been made in upgrading the capacity and oversight functions of the Board through capacity building programs.

In addition, the replacement of the current software with T-24, the implementation of which is going smoothly, will add to the efficiency and satisfaction of customers upon its completion around November 2013.

The Board has also effectively been engaged in the review and approval of existing policies, procedures, manuals and guidelines that are instruments of change for providing efficient banking service delivery. On top of these, new policies and procedures have been developed and approved in order to act in compliance with the NBE's rules, regulation and directives.

The other major area of the Board's accomplishment relates to the construction of the Headquarters complex building that will jointly be owned by the Bank and Nib Insurance Co. In this regard, the Board through its Steering Committee, mainly composed of chairpersons and CEOs of the two entities, has reached the stage of awarding the civil works to the winner. The Board is currently strengthening the Project Management Office with qualified personnel for the successful completion of the construction.

Our strategy for future market share growth also includes increasing our accessibility by broadening our branch network in Addis Ababa and outlying cities, diversifying our services and products and identifying new customer segments.

Our effort was not also free of challenges and constraints. Both the external and internal environments brought a number of challenges and problems as well as opportunities that have been facing the banking industry during the financial year. Despite those challenges and problems, our Bank's income has increased and able to maintain reasonable net income compared to that of last year.



*Ato Tafesse Bogale
Chairman-Board of Directors*

With regard to the future, our focus will be on five key business areas:

- Quality customer service and loyalty;
- Innovation;
- Advertising excellence;
- Operational efficiency and competitive leadership; and
- Leadership competence development of both the Board and Senior Management.

Finally, achievements of the past and the potential to do so in the future would not be possible without the unreserved support and commitment of Board Members, Senior Management and employees of the Bank. In addition, supports provided by our esteemed customers and shareholders have also contributed to the success of the Bank. Therefore, I would like to express my sincere appreciation to all those who contributed to the success achieved.

I hope that the New Year will bring exciting opportunities for all of us involved in Nib International Bank in various capacities.



Message of the President



*Kibru Fondja
President*

On behalf of the Management of Nib International Bank and that of my own behalf, I am pleased to present the performance of the Bank for the year ended 2012/13. The Bank was able to achieve a positive gain during the financial year 2012/13 with the support and direction of the Board of Directors. It is gratifying to report that the Bank has continued to register reasonable profit in the financial year ended despite the challenges met in fund mobilization and foreign currency resources. In line with its core objectives, the Bank has been able to attract deposits to cater for the credit needs of the different economic sectors. In this regard, the total deposits reached Birr 6.7 billion showing a 14 percent increase while the loan portfolio stood at Birr 4.5 billion registering a growth of 22.5 percent compared to that of same period of last year.

The Bank has embarked on the implementation of the newly adopted 2nd five year Strategic Plan which is capable of addressing a number of strategic issues that will transform the Bank to a higher level. The Bank has also implemented a new organizational structure, which is believed to assist in streamlining its operation, in providing efficient and effective services for customers. It is worth mentioning that a number of measures have been taken to give fast and efficient banking services to customers including replacing the existing Core Banking System with the new and advanced Core Banking Solution. Along with this, One Window Service, Payment Card and ATM services are put in place to meet the needs of its customers.

During the reporting period under consideration, in addition to our service excellence, improvement of the inflation rate from double to single digit is believed to contribute to a positive impact on the saving capacity of the society. Moreover, the reduction in the reserve requirement from 10 percent to 5 percent has slightly eased the liquidity constraint of banks. Based on its operational achievements, sustainable performance of the economy and increasing access of the public to the banking services, Nib International Bank is destined to reap the benefits through expanding its network of branches and introduction of IT supported services.

I would like to take this opportunity to extend my gratitude to the Board of Directors for their strong support and leadership to realize the strategic objectives of the Bank. I am also happy to give due consideration for the contribution of Senior Management and employees towards better achievements in the financial year. I have full confidence that the capacity we have built during the last financial year will help us attain better achievement in the 2013/14 financial year.

1. BACKGROUND

1.1. Global Economic Situation

During the fiscal year under consideration, the world economic growth performance in the year 2012/13 has continued to move at a slow pace. According to the IMF's World Economic report of April 2013, the global economic prospects have been improving but the road to full recovery in the advanced economies remains bumpy. Another UN report, World Economic Situation and Prospect (WESP), 2013 mid-year update reports, forecasts growth of World Gross Product (WGP) to be 2.3 per cent in 2013, and 3.1 per cent in 2014. The Global inflation is also to be reduced to 2.6 percent from 2.9 per cent in 2012. The major reasons for these projections are lower inflation in the United States and Europe in the face of high subdued demand, continued high unemployment and contained energy and food prices.

The economies of the Least Developed Countries (LDCs) are projected to see a marked increase in growth from 3.8 percent in 2012 to 5.8 percent in 2013 according to WESP. Sub-Saharan Africa is expected to continue growing at a rapid pace during 2013/14, with both resource-rich and lower income countries benefiting from robust domestic demand. Inflation in the region is to decline from 10 per cent in 2011 to less than 8 percent in 2012 and the trend is expected to continue downwards. According to WESP report, in 2012 the global trade volume declined mainly due to a synchronized slowdown in import demand in developed economies and many large developing countries. However, it is projected to recover slightly by 3.5 percent and 5 percent in 2013 and 2014 respectively with expectations of a moderate pick up in import demand in developed and in most developing economies.

1.2. Domestic Economic Situation

The domestic economic growth remains high and has placed the country on the list of the top twelve fast growing economies in the world. According to World Bank report of June 2013, Ethiopia Economic Update II, the country's economy has registered a double digit growth, on average, over the past decade. The data obtained from the Central Statistical Authority (CSA) indicated that, inflation has declined significantly to 7.4 percent in June 2013 from 20.9 percent in June 2012 and the annual average inflation level also reduced to 13.5 percent from 34.3 percent of the same period last year.

According to the Information obtained from the Ministry of Trade and Industry, even though there is an increase in export earnings from textile and leather industries, the overall export revenue has declined mainly due to decrease in coffee price on the international market. The revenue obtained from coffee export declined to USD 746.4 million in 2012/13 from USD 832.9 in 2011/12 financial year, while volumes of exported coffee jumped to 199,104 metric tons or increased by 18%. During the year, export revenue declined to USD 3.08 billion from the previous year's level USD 3.15 billion.



2. DIRECTORS' REPORT

2.1. Planned Major Activities & Achievements

2.1.1. Planned Major Activities

The following were the major activities planned during the financial year.

- Completion of the 2nd Five year Strategic Plan, manning and organizational restructure;
- Revision of existing policies and procedure and developing new ones;
- Speed up implementation of the new Core Banking Solution named T24;
- Follow-up of construction of the Headquarter complex building;
- Aggressive branch expansion and deposit mobilization; and
- Designing the new logo and brand manual development and its implementation.



2.1.2. Major Activities and Achievement

- The Bank has adopted the 2nd 5-year Strategic Plan (SP) and a revised organizational structure and deployment of human resource has been completed. A new salary scale has also been designed.
- Old policies and procedures have been revised and necessary new policies and procedures have been developed and approved to comply with the NBE requirements;
- With the objective of providing modern banking services, the Bank has embarked on the use of T24 Core Banking Solution that can provide a centralized, online, real-time electronic banking solution;
- With regard to Head quarter complex building, the bid evaluation process for excavation, shoring and the construction of pile for foundation is carried out and the winner is identified for the joint office building construction to be carried out by the Bank and Nib Insurance Company S.C. Accordingly, agreement has been signed between the two entities and a Chinese construction company. The construction of



Annual General Shareholders' Meeting
in session





Management Meeting in session

Wolkite branch office building is also well under progress. The preliminary design for Dire Dawa and Hawassa office buildings are under progress.

- ☛ The volume of global and domestic trade has declined compared to the previous year which has an adverse impact on the Bank's profitability. Despite the adverse global and domestic business environment, the Bank has registered a gross profit of Birr 378.5 million and a net profit of Birr 286.3 million in the financial year. The total deposits and outstanding loans & advances of the Bank reached Birr 6.7 billion and Birr 4.5 billion showing an increase of 14 and 22.5 percent respectively when compared to the same period of last year.
- ☛ The Bank has continued to expand its branch network to reach its customers in all parts of the country and to provide efficient and timely banking services. To this end, sixteen branches were opened in different parts of the country bringing the total number of branches to 71 at the end of June 2013.
- ☛ The Bank's return on paid up capital has gone down to 29.4 percent compared to the 34.4 percent registered on June 30, 2012. On the other hand, Capital Adequacy Ratio (CAR) was 23.1 percent, which is well above the minimum requirement of 8% set by the National Bank of Ethiopia.

2.2. Financial Performance

It is well understood that the financial performance of the Bank is the central and most important part of this report. To this end, the Board of Directors' is pleased to provide the financial report for the year 2012/13 in detail as follows.

2.2.1. General

The total assets of the Bank as at 30th June 2013 stood at Birr 9.1 billion registering a significant growth of 10.5% compared to that of the same period of last year. Out of the total assets, liquid assets constitute 24.7% which is lower by 8.3% compared to the preceding period. The decline is attributed to the 27% purchase of NBE Bills on new disbursement of loans and advances. The share of total loans and advances increased to 48.4% during the reporting period from 43.6% of same period of last year. On the other hand, the loan to deposit ratio increased



to 68.3% in the financial year from 63.5% registered in preceding year. The Bank's total liabilities also stood at Birr 7.5 billion, registering a growth of 10.8% compared to the same period of the preceding year. Deposits constituted 88.9% of the total liabilities.

The Bank's total capital, composed of paid-up capital, reserves, retained earnings and undistributed profit, reached Birr 1.67 billion. It showed an increase of Birr 137.9 million (9%). Out of the total capital, paid-up capital constituted about 59.9%. The capital adequacy ratio of the Bank was 23.1% in the financial year which is well above the regulatory minimum requirement of 8% set by the NBE. This indicates that the Bank's asset growth is adequately backed by proportionate growth of equity.



2.2.2. Deposits

The aggregate deposit during financial year stood at Birr 6.7 billion which shows an increase of Birr 817.1 million or 14% compared to the balance of Birr 5.84 billion of last financial year. Fixed Time and Savings deposits contributed to the increase in deposits.

The number of deposit accounts also reached 239,533 registering a 13% growth during the reporting period. This is a clear indication of public trust on the Bank which is increasing from time to time. The details of deposits are presented in Table 1, Charts 1 and 2 below.



Table 1: Deposits by Type

In '000 Birr

Deposit Type	30/06/13		30/06/12		Change	
	Amount	%age	Amount	%age	Amount	%age
Savings Deposits	3,980,683	59.8%	3,476,578	59.5%	504,105	14.5%
Demand Deposits	2,123,659	31.9%	2,018,573	34.6%	105,086	5.2%
Time Deposits	550,871	8.3%	342,975	5.9%	207,896	60.6%
Total	6,655,214	100%	5,838,127	100.0%	817,087	14.0%

The above table shows that the balance of interest bearing deposits was Birr 4.53 billion or 68.1% while non-interest bearing deposits accounted for Birr 2.12 billion or 31.9% at the end of the financial year.



Financed Project - South Star Int. Hotel



Financed Project - ACOS - Ethiopia



Financed Project - BGI Ethiopia Hawassa

CHART 1: COMPOSITION OF DEPOSITS

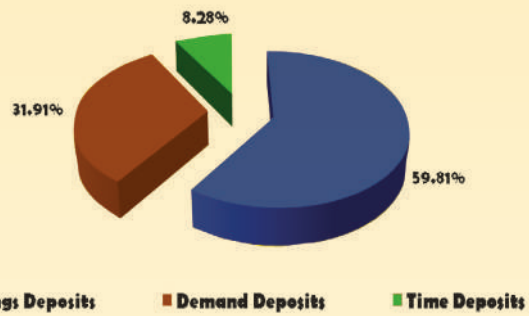
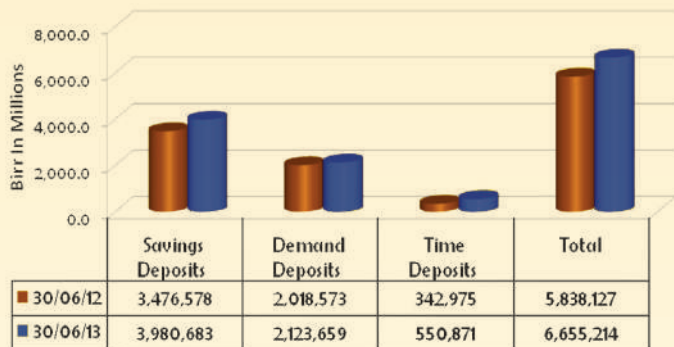


CHART 2: COMPARISON OF DEPOSITS



2.2.3. Loans and Advances

At the close of the 2012/13 financial year, the Bank’s outstanding loans and advances stood at Birr 4.5 billion. When it is compared to the preceding year, it showed an increase of Birr 834.1 million or (22.5%). The NBE directive that requires Banks to purchase Bills which equals to 27% of each loan disbursed has greatly affected the liquidity position of the Bank which has also reduced its lending capacity. However, in an effort to ease the purchase of this Bill on the liquidity position and lending capacity of banks, the National Bank of Ethiopia has lowered its reserve requirement from 10% to 5% and decreased the liquidity ratio requirement from 20% to 15%.



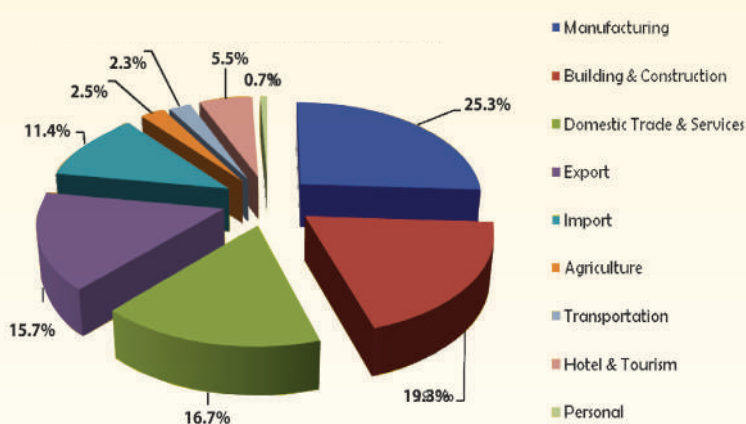
Table 2: Loans and advances by Economic sector

In '000 Birr

Economic Sector	30/06/13		30/06/12		Change	
	Amount	%age	Amount	%age	Absolute	%age
Manufacturing	1,175,874.9	25.9%	854,158.2	23.0%	321,716.7	37.7%
Building & Construction	878,381.0	19.3%	687,413.6	18.5%	190,967.4	27.8%
Domestic Trade & Services	759,049.2	16.7%	673,057.8	18.1%	85,991.4	12.8%
Export	714,104.9	15.7%	624,537.0	16.8%	89,567.9	14.3%
Import	518,172.0	11.4%	495,956.5	13.4%	22,215.5	4.5%
Agriculture	112,285.0	2.5%	111,829.0	3.0%	456.0	0.4%
Transportation	104,382.7	2.3%	80,673.0	2.2%	23,709.7	29.4%
Hotel & Tourism	249,858.2	5.5%	156,035.5	4.2%	93,822.7	60.1%
Personal	30,884.4	0.7%	25,239.0	0.7%	5,645.4	22.4%
Total	4,542,992.3	100.0%	3,708,899.7	100.0%	834,092.6	22.5%

Table 2 and Chart 3 depict that, loans and advances extended by the Bank covered a wide range of sectors of the economy. The sectoral distribution of loans and advances indicates that the lion's share (25.9%) was provided to the manufacturing sector followed by building and construction (19.3%), domestic trade and services (16.7%), export (15.7%) and import (11.4%).

CHART 3: SECTORAL SHARE OF LOANS AND ADVANCES



Financed Project - Harawa Gatira, Tencho & 60 others Farmers Cooperatives (Jimma Zone)

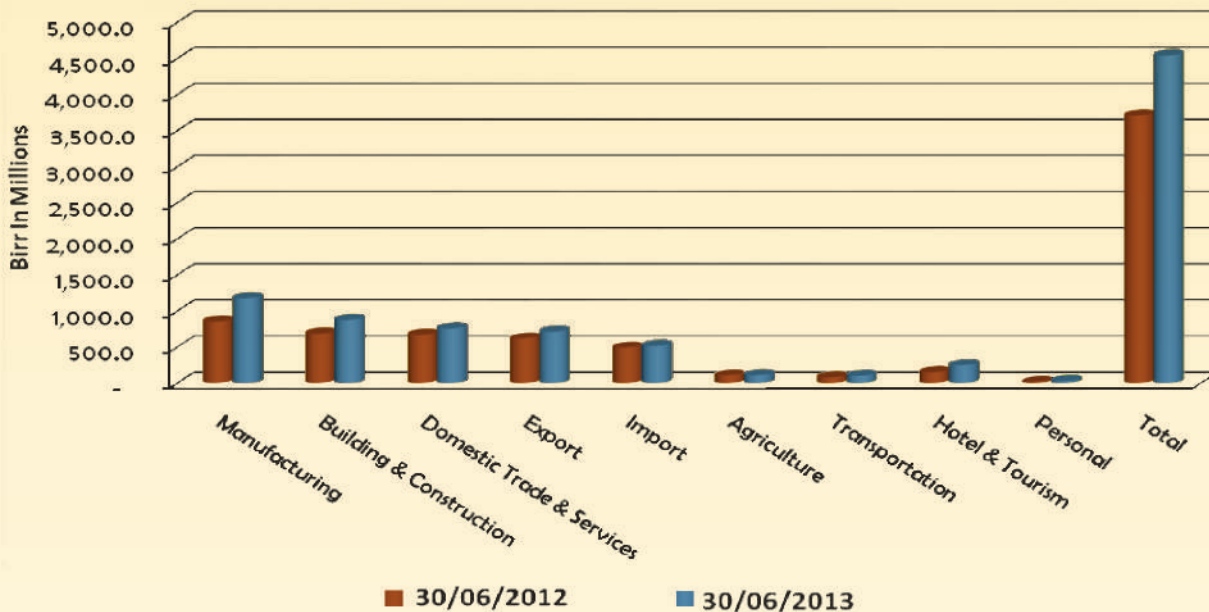


Financed Project - Joy Tech Ethiopia



Chart 4 shows comparative composition and trend of aggregate loans and advances during the financial year 2011/12 and 2012/13.

CHART 4. COMPARATIVE DISTRIBUTION OF LOANS & ADVANCES BY SECTOR



2.2.4. Income Statement Analysis

2.2.4.1. Income

The Bank earned a total income of Birr 851.2 million during the financial year 2012/13 showing an increase of Birr 91.8 million (12.1%) compared to Birr 759.4 million registered in the preceding financial year.

Table 3: Composition of Income

In '000 Birr

Item	30/06/13		30/06/12		Change	
	Amount	%age	Amount	%age	Absolute	%age
Interest Income from Loans & Advances	501,539.3	58.9%	387,833.4	51.1%	113,705.9	29.3%
Commission & Service Charges	199,499.6	23.4%	219,943.8	29%	(20,444.2)	-9.3%
Gain on foreign currency transactions & translations	65,829.0	7.7%	93,769.1	12.3%	(27,940.1)	-29.8%
Interest Income from surplus fund	68,979.2	8.1%	45,812.4	6.0%	25,267.8	55.2%
Other Income	15,341.1	1.8%	12,070.9	1.6%	1,169.3	9.7%
Total	851,188.2	100.0%	759,429.6	100.0%	91,758.69	12.1%

As shown on Table 3 above, interest income from loans and advances constituted 58.9% (Birr 501.5 million) showing an increase of 29.3% when compared to the level of the preceding year Birr 387.8 million. Except for income from commissions and service charges and gain on foreign currency transactions & translations, the remaining income components registered a modest growth during the year. (Refer charts 5 and 6).



CHART 5: COMPOSITION OF INCOME

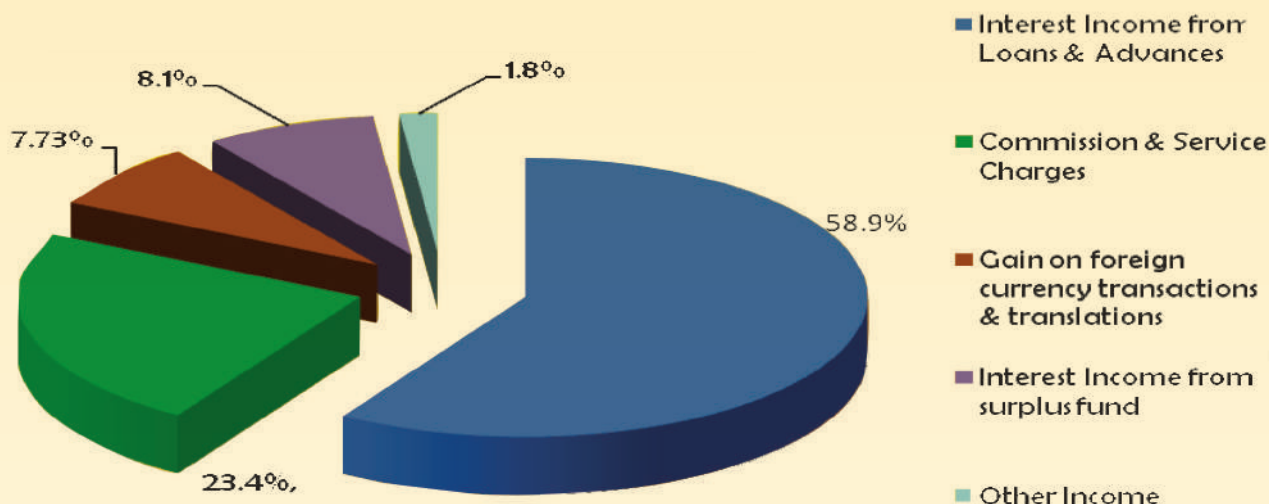
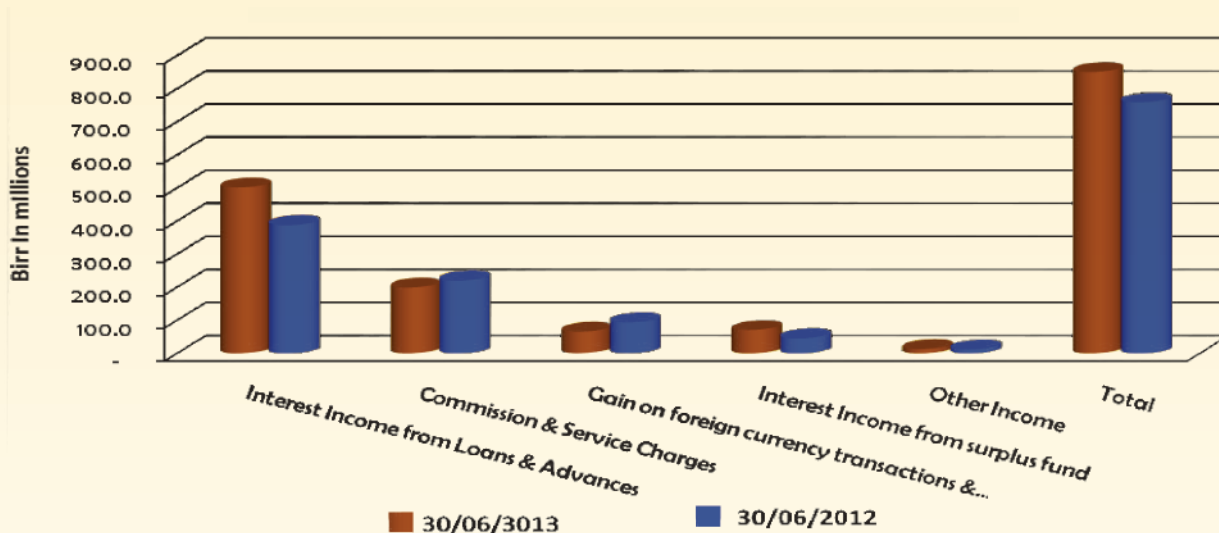


CHART 6: COMPARISON OF INCOME SOURCES



2.2.4.2. Expenses

The total expense of the Bank for the financial year was Birr 472.6 million. It exceeded previous year's balance by Birr 102.7 million (27.8%). As shown on the table below, interest on savings and fixed time deposits took the lion's share of 39.1% while salaries & benefits and general expenses represented 29.6% and 28.5%, respectively. The details are presented on table 4 below.

Table 4: Breakdown of Expenses

In '000 Birr

Item	30/06/13		30/06/12		Change	
	Amount	%age	Amount	%age	Absolute	%age
Interest Expense	184,948.4	39.1%	151,907.7	41.1%	33,040.7	21.8%
Salaries & Benefits	140,070.3	29.6%	115,766.3	31.3%	24,304.0	21.0%
General Expenses	134,494.6	28.5%	100,864.5	27.3%	33,630.1	33.3%
Provision for doubtful loans and others	13,101.0	2.8%	1,411.3	0.4%	11,689.7	828.38%
Total	472,614.3	100.0%	369,949.8	100.0%	102,664.5	27.8%

All expenses have shown significant increase during the period under review. Interest expense has increased by Birr 33.0 million, which is 21.8% when compared with that of the preceding year balances. The increase is attributed to the growth of saving deposits and the high interest rate offered to fixed time deposits. Salaries and benefits also grew by Birr 24.3 million or by 21% mainly due to the recruitment of additional employees required due to the branch expansion program and annual salary increment and benefit for staff. Likewise, general and administrative expenses has also increased by Birr 33.6 million or 33.3% as a result of the continuous increase in the volume of the Bank's operational activities, and the continued increase in the rental expenses of branch offices.



Core Banking Solution training in session

CHART 7: COMPOSITION OF EXPENSES

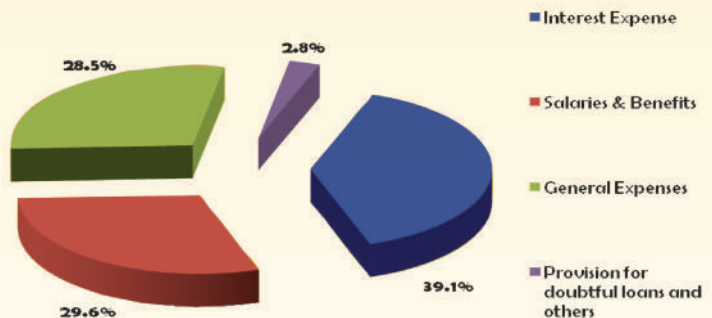
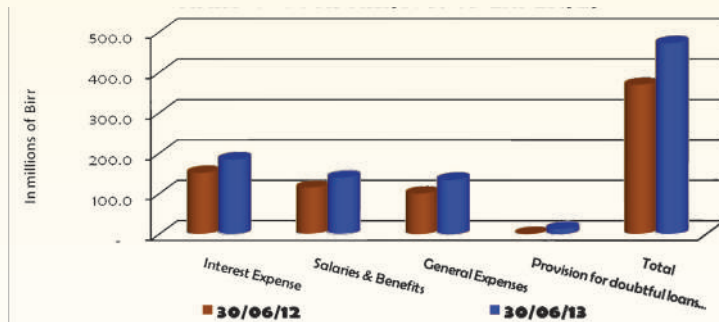


CHART 8: COMPARISON OF EXPENSES





2.3. Trade Finance Operations

At the end of the financial year, the income generated from international banking operations reached Birr 255.5 million, accounting for 30% of the Bank's total income. When compared to the previous financial year, the total income earned from this line of operation showed a reduction of 13.6% or Birr 40.3 million. This is because of the overall decline in the earning of foreign currency during the financial year. Out of the total income generated from international banking operations, service charges and others contributed a substantial share (51.5%) followed by gain on foreign exchange transactions and translations (25.8%). The remaining 22.7% was from commission income from L/C opening, interest earned on Bills discounted and foreign cheques purchased and interest earned on correspondent accounts.



2.4. Profit

Despite unfavourable global and domestic environment, the Bank registered significant profit during the financial year. The Bank's gross and net profits for the financial year were Birr 378.6 million and Birr 286.3 million, respectively. The net profit showed an increase of Birr 0.033 million which is 0.028% when compared to Birr 286.2 million registered in the preceding financial year. This is because of the decline in foreign exchange earnings and the dwindling liquidity position as a result of the purchase of NBE Bills and aggressive deposit mobilization drive by both government and private banks.



2.5. Return on Assets and Paid-Up Capital

The Bank's Return on Assets (ROA) expressed as the ratio of profit before tax to the average assets registered 4.35% (5.06%, in 2012) in the financial year 2012/13. On the other hand, during the financial year, return on Paid-up Capital expressed as the ratio of net profit after tax to average paid-up capital stood at 28.4%. The percentage for the same period last year was 34.4 %.



Colourful inaugurations of new branches in session

2.6. Human Resource

Human resources development is one of the primary responsibilities of the Bank. At the close of the financial year, the staff strength of the Bank reached 2,278 from the previous year number of 2,042. During the period under consideration, the Bank recruited 308 additional employees, of which, 172 were professional and clerical and the remaining 136 non-clerical.





Colourful inaugurations of new branches in session

Nib International Bank believes that motivated, competent and trained employees can contribute significantly to the Bank's performance. To this end, the Bank has been investing in its human capital to raise the skills of its employees. Accordingly, 80 short-term courses and training programs were conducted in the financial year where 827 employees took part. The training has benefited employees to deal with challenges in the ever-changing business environment in providing efficient banking services to customers. On the other hand, the Bank has paid tuition fee for 484 employees who have been attending in different higher educational institutions to improve their knowledge and skills and thus to become the invaluable staff of the Bank.

2.7. Information Technology

The Bank is currently installing the T24 Core Banking Solution to provide efficient banking services. During the process of implementation, data cleansing and migration; User Acceptance Testing (UAT); Data center expansion, power and environmental work development; Network Infrastructure implementation; Data migration and Reconciliation; Hardware Installation activities have been completed. The necessary trainings have also been given to all concerned staff for smooth implementation of the program. One Window Service and Card Payment service with ATM are also being provided at various branches, Hotels and Institutions.

Currently, all city branches are on-line using the T24 banking software and the remaining outlying branches will go live until November 2013.

The Bank has also acquired VISA international club membership to give a wide range of card banking services to its customers and it is in the process of obtaining Master Card membership.

2.8. Branch Expansion

During the period under consideration, the Bank has opened 16 branches at different parts of the country bringing the total number of branches to 71, out of which 40 are in Addis Ababa and the remaining 31 are located in the regional towns.



2.9. Future Plans

Some of the Bank's future plans are the following:

- Improving service quality and image building, expediting branch network to reach different parts of the country;
- Expanding technology based banking operations including Core Banking Solutions, One Window Service, Payment Card Service, and Automatic Teller Machine (ATM), Point of Sale (POS) at City and Outlying branches as well as different service stations, such as malls, hotels and institutions in the country;
- Deploying Enterprise Resources Planning (ERP) for efficient resource management;
- Embarking on the construction of the joint Headquarter building and other branch buildings and regional offices;
- Finalizing the Standardization of the Bank's logo.

3. VOTE OF THANKS

The Board of Directors would like to express its heartfelt gratitude to customers, shareholders, Management and staff of NIB as well as the National Bank of Ethiopia, who contributed to the satisfactory performance of the Bank during the financial year 2012/13.

Tafesse Bogale
Chairman, Board of Directors
September, 2013



AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NIB INTERNATIONAL BANK SHARE COMPANY

We have audited the financial statements of NIB International Bank Share Company for the year ended 30 June 2013 which comprise the Balance Sheet, the Profit and Loss Account, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements in accordance with applicable laws, regulations and generally accepted accounting principles. Their responsibilities include designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and generally accepted auditing standards and to express an opinion on these financial statements based on our audit and whether the financial statements are properly prepared in accordance with the relevant provisions of the 1960 Commercial Code of Ethiopia and the Banking Business Proclamation No. 592/2008. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with generally accepted auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.



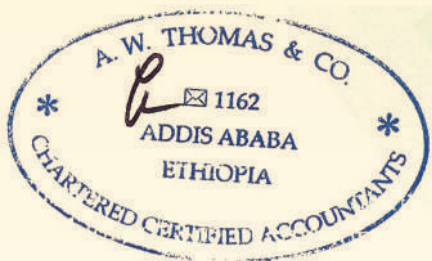
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion,

- the financial statements present fairly, in accordance with generally accepted accounting principles, the state of the company's affairs as at 30 June 2013 and its result for the year then ended;
- the financial statements have been properly prepared in accordance with the relevant provisions of the 1960 Commercial Code of Ethiopia, the Banking Business Proclamation No. 592/2008 and the directives of the National Bank of Ethiopia.
- the information given in the Directors' Report is consistent with the financial statements.

We have no comment to make on the report of your directors in so far as it relates to these financial statements and pursuant to Article 375 of the 1960 Commercial Code of Ethiopia, recommend approval of the above-mentioned financial statements.



A.W. Thomas L.P.
Chartered Certified Accountants
(Auditors of Nib International Bank S.C.)

Addis Ababa
30 September 2013

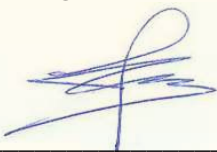
NIB INTERNATIONAL BANK SHARE COMPANY

BALANCE SHEET

AS AT 30 JUNE 2013

Currency: Ethiopian Birr

	Notes		2012
ASSETS			
Cash and bank balances			
Cash on hand		693,208,212	520,141,956
Reserve account with NBE		333,190,920	568,916,920
Payment and settlement account with NBE		170,754,408	266,021,341
Deposits with local banks		550,299,047	477,799,107
Deposits with foreign banks		<u>357,393,752</u>	<u>897,803,516</u>
		2,104,846,339	2,730,682,840
Other assets	3	362,821,611	339,635,504
Treasury bills		150,000,000	250,000,000
Government bonds (NBE bills)	4	1,911,097,058	1,211,281,058
Investment in shares	5	62,451,000	40,248,000
Loans and advances	6	4,429,319,286	3,608,327,548
Fixed assets	2d,7	<u>124,008,321</u>	<u>95,520,427</u>
TOTAL ASSETS		<u>9,144,543,615</u>	<u>8,275,695,377</u>
LIABILITIES			
Deposits			
Demand deposits		2,123,659,349	2,018,573,499
Savings deposits		3,980,683,317	3,476,578,086
Fixed deposits		<u>550,871,375</u>	<u>342,975,224</u>
		6,655,214,042	5,838,126,809
Margins held on letters of credit		304,998,148	257,480,128
Other liabilities	8	426,095,720	548,896,766
Provision for tax	20	<u>92,306,387</u>	<u>103,245,450</u>
TOTAL LIABILITIES		<u>7,478,614,296</u>	<u>6,747,749,153</u>
CAPITAL AND RESERVES			
Share capital	9	999,399,000	943,806,500
Share premium		-	16,000,000
Legal reserve		384,684,562	313,117,678
Special reserve	10	1,400,000	1,300,000
Retained earnings	11	66,445,093	39,746,306
Profit and loss account		<u>214,000,664</u>	<u>213,975,740</u>
		<u>1,665,929,319</u>	<u>1,527,946,224</u>
TOTAL CAPITAL, RESERVES AND LIABILITIES		<u>9,144,543,615</u>	<u>8,275,695,377</u>



Tafesse Bogale
Chairman, Board of Directors



NIB INTERNATIONAL BANK SHARE COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2013

Currency: Ethiopian Birr

	Notes		2012
INCOME			
Interest income	12	570,518,514	433,645,833
Commission and service charges		199,499,593	219,943,782
Gain on foreign currency transactions and translations	13	65,828,988	93,769,088
Dividend income, net		2,100,928	1,096,133
Other income		<u>13,240,241</u>	<u>10,974,795</u>
		<u>851,188,264</u>	<u>759,429,631</u>
EXPENSES			
Interest expense	14	184,948,395	151,907,746
Salaries and benefits		140,070,315	115,766,280
Administrative and general expenses	15	134,126,606	100,565,514
Provision for loan and advances	6.2	13,101,009	-
Provision for doubtful debts		-	1,411,321
Audit fee		<u>368,000</u>	<u>299,000</u>
		<u>472,614,325</u>	<u>369,949,861</u>
NET PROFIT BEFORE TAXATION		378,573,939	389,479,770
PROVISION FOR TAXATION	20	<u>(92,306,387)</u>	<u>(103,245,450)</u>
NET PROFIT AFTER TAXATION		286,267,552	286,234,320
LESS: TRANSFER TO LEGAL RESERVE		(71,566,888)	(71,558,580)
TRANSFER TO SPECIAL RESERVE		<u>(100,000)</u>	<u>(100,000)</u>
		214,600,664	214,575,740
LESS: DIRECTORS' ALLOWANCE		<u>(600,000)</u>	<u>(600,000)</u>
SURPLUS FOR YEAR		<u>214,600,664</u>	<u>213,975,740</u>
Earnings per share	22	<u>147</u>	<u>172</u>



NIB INTERNATIONAL BANK SHARE COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Currency: Ethiopian Birr

	<u>Notes</u>		<u>2012</u>
Net cash (outflow) inflow from operating activities	16	44,865,580	(157,269,317)
Net cash (outflow) inflow from investing activities	17	(588,846,616)	(721,933,084)
Net cash inflow (outflow) from financing activities	18	(147,684,453)	71,551,985
Effect of exchange rate changes on cash and cash equivalents		65,828,988	93,769,088
(Decrease) increase in cash and cash equivalents		<u>(625,836,501)</u>	<u>(713,881,328)</u>
Cash and cash equivalents at the beginning of the year		<u>2,730,682,840</u>	<u>3,444,564,168</u>
Cash and cash equivalents at the end of the year		<u>2,104,846,339</u>	<u>2,730,682,840</u>





NIB INTERNATIONAL BANK SHARE COMPANY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. ESTABLISHMENT

The bank is a privately-owned company established in 1999 in accordance with the Licensing and Supervision of Banking Business Proclamation No. 84/1994 of Ethiopia to undertake commercial banking activities.

The bank obtained its license from the National Bank of Ethiopia on 26 May 1999 and started normal business activities in the month of October 1999. It operates through its head office in Addis Ababa and 71 branches, and 2 agency offices for foreign exchange transactions in and outside Addis Ababa.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the historical cost convention, generally accepted accounting principles and the laws and regulations of Ethiopia including the Commercial Code of Ethiopia 1960, the Banking Business Proclamation No. 592/2008 and the directives of the National Bank of Ethiopia. The principal accounting policies are set out below:

- a) Foreign currencies
 - i) Foreign exchange transactions during the year are expressed in Birr at the actual rates prevailing on the transaction dates.
 - ii) Foreign currencies on hand and correspondent banks' balances are translated monthly at selling exchange rates for notes and transactions respectively.
- b) Interest income and interest expense are accounted for on the accrual basis. However, no interest is recognized on unpaid past due loans and advances.
- c) Provision for doubtful debts

The provision is maintained at a level adequate to cover possible losses. Management determines the adequacy of the provision based upon reviews of individual advances and loans and other related factors and pursuant to the directives of the National Bank of Ethiopia.

- d) Fixed assets
 - i) Depreciation is provided according to the income tax proclamation pooling system at the following rates applied on the book values of each group of assets determined by adding additions to and deducting disposal proceeds from respective opening balances except for buildings and intangible assets:

Buildings	5 %	Straight-line basis
Computers	25 %	
Other assets	20 %	
- Vehicles		
- Office equipment		
- Furniture and fittings		
User rights on lease	10 %	Straight-line basis

- ii) Fixed assets in store are not depreciated.

NIB INTERNATIONAL BANK SHARE COMPANY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Currency: Ethiopian Birr

3. OTHER ASSETS

		<u>2012</u>
Acquired properties	22,907,055	33,684,615
Uncleared effects, local	-	90,856,126
Uncleared effects, foreign	85,756,373	74,335,456
Stationery stock	8,655,963	6,092,039
Other stock items	5,685,882	5,469,375
Prepaid rents	69,331,269	48,182,852
Other advances (see below)	148,277,198	70,337,446
Cheque books and revenue stamps	219,708	200,020
Accrued interest on import and export bills	<u>27,038,851</u>	<u>15,528,263</u>
	367,872,299	344,686,192
Less: Provision for doubtful debts	<u>(5,050,688)</u>	<u>(5,050,688)</u>
	<u>362,821,611</u>	<u>339,635,504</u>

3.1 Other advances

Advance made in connection with sale of acquired property	-	17,620,837
Other advances	16,029,968	17,380,104
Advance paid for procurement of vehicles	31,330,508	-
Rent deposits for branches under establishment	4,889,670	7,291,652
Advance payment computerization core banking (new system)*	73,510,236	13,694,411
Building project advance	<u>22,516,816</u>	<u>14,350,442</u>
	<u>148,277,198</u>	<u>70,337,446</u>

* After 30 June 2013 the bank started the T24 Core Banking Solution in August 2013 at main branch, Head Office and nine other city branches. Currently all Addis Ababa branches are using T24 banking software and the remaining branches are expected to start in November 2013.

4. GOVERNMENT BONDS (NBE BILLS)

In accordance with amended NBE directive No. MFA/NBE Bills/002/2013, a private bank is required to purchase NBE bills that amount to 27% of the banks loan disbursements at an interest rate of 3%. The bills have a maturity of 5 years and accordingly the bank has purchased as at 30 June 2013 NBE bills amounting to Birr 1,911,097,058 (2012, Birr 1,211,281,058)



NIB INTERNATIONAL BANK SHARE COMPANY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Currency: Ethiopian Birr
2012

5. INVESTMENT IN SHARES

	No. of Subscribed shares	No. of paid shares	Par Value of shares		
Nib Insurance Company S.C.	12,596	125,960	500	6,298,000	4,094,000
Aggar Micro Finance S.C.	16,270	16,270	100	1,627,000	400,000
Premiere Switch Solutions S.C.	45,000	44,996	1,000	44,996,000	29,996,000
Zebidar Hulegeb Industrial S.C.	30,000	9,000	500	4,500,000	4,500,000
EthSwitch S.C.	5,032	5,030	1,000	<u>5,030,000</u>	<u>1,258,000</u>
				<u>62,451,000</u>	<u>40,248,000</u>

6. LOANS AND ADVANCES

Domestic trade and services	759,049,235	673,057,808
Imports	518,172,091	495,956,498
Buildings and construction	878,380,955	687,413,605
Manufacturing	1,175,874,904	854,158,241
Transportation	104,382,693	80,672,984
Hotels and tourism	249,858,235	156,035,486
Agriculture	112,285,011	111,829,006
Exports	714,104,910	624,537,035
Personal	<u>30,884,419</u>	<u>25,239,043</u>
	4,542,992,453	3,708,899,706
Less: Provision for doubtful loans and advances (Note 6.2)	<u>(113,673,167)</u>	<u>(100,572,158)</u>
	<u>4,429,319,286</u>	<u>3,608,327,548</u>

6.1 The Bank is a party in various legal proceedings in relation to loans and advances, the ultimate resolution of which is not expected to have a materially adverse effect on the financial position of the bank or the results of its operations.

6.2 Balance, 1 July 2012	100,572,158	114,102,029
Less: Loans written-off	-	<u>(13,529,871)</u>
	100,572,158	100,572,158
Additional provision	<u>13,101,009</u>	-
Balance, 30 June 2013	<u>113,673,167</u>	<u>100,572,158</u>

NIB INTERNATIONAL BANK SHARE COMPANY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Currency: Ethiopian Birr

7. FIXED ASSETS

Cost	Balance at			Balance at
	1 July 2012	Additions	Disposals	
Leasehold land	12,695,207	11,088,000	-	23,783,207
Fixed assets stock	8,148,292	4,749,559	-	12,897,851
Vehicles	47,842,566	3,988,000	-	51,830,566
Computers hardware and software	38,086,639	12,916,610	(297,191)	50,706,058
Office equipment	19,723,711	7,095,265	(520,018)	26,298,958
Furniture and fittings	24,747,265	8,965,982	(6,638)	33,706,609
User rights on lease	2,000,000	-	-	2,000,000
Buildings	<u>21,412,433</u>	<u>-</u>	<u>-</u>	<u>21,412,433</u>
	<u>174,656,113</u>	<u>48,803,416</u>	<u>(823,847)</u>	<u>222,635,682</u>
Depreciation				
Vehicles	26,622,984	5,041,516	-	31,664,500
Computers hardware and software	24,226,669	6,686,894	(268,187)	30,645,376
Office equipment	10,514,248	3,246,342	(446,997)	13,313,593
Furniture and fittings	13,877,641	3,966,870	(5,385)	17,839,126
Users rights on lease	1,200,000	200,000	-	1,400,000
Buildings	<u>2,694,144</u>	<u>1,070,622</u>	<u>-</u>	<u>3,764,766</u>
	<u>79,135,686</u>	<u>20,212,244</u>	<u>(720,569)</u>	<u>98,627,361</u>
NET BOOK VALUE	<u>95,520,427</u>		<u>(103,278)</u>	<u>124,008,321</u>

7.1 The bank previously acquired in 2005/2006 leasehold land of 2,800m² at Birr 3,500/m² for its Addis Ababa head office building for 50 years, and Birr 2,395,484 was paid. However, due to compensation-related issues to re-settle previous occupiers, the land was not handed over to the bank in due time. The bank paid Birr 1,159,390 for re-settlement compensation in the year to 30 June 2011 and this is treated as a payment on account of lease liabilities. The formal lease agreement was signed on 1 July 2010. The bank agreed to pay the remaining Birr 6,245,125 with an annual lease rental of Birr 312,256 for 20 years, commencing from 1 July 2012. However, on 20 September 2012 the bank entered another lease contract which will replace the previous one. In this revised agreement the bank expanded the area by 882.4m² at Birr 3,281.06/m² for 55 years and Birr 579,041.47 (10% of total value Birr 2,895,207.35) was paid. The bank was granted a two year grace period to 20 September 2014. The bank agreed to pay the remaining Birr 8,561,282.68 for the increased area with an annual lease rental of Birr 285,376.09 for 30 years.

Furthermore, the bank acquired on 12 June 2013 leasehold land of 1.980m² for its Hawassa branch office building for 70 years and Birr 1,108,800 was paid. The formal lease agreement was signed on 12 June 2013. The bank agreed to pay the remaining Birr 9,979,200 with an annual lease rental of Birr 255,876.92 for 40 years commencing from 12 June 2014.



NIB INTERNATIONAL BANK SHARE COMPANY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Currency: Ethiopian Birr

2012

8. OTHER LIABILITIES

Leasehold land liability	18,541,483	7,843,722
Guarantee deposits	11,744,367	13,207,698
Cash Payment Orders issued	220,190,925	278,989,156
Cheques and claims in transit	34,414,797	99,245,743
Exchange commission payable	8,625,270	10,369,238
Current accounts blocked	36,631,725	70,541,458
Accrued interest	19,743,503	9,437,738
Telegraphic transfers payable	32,802,050	40,763,385
Board of Directors' allowances	600,000	600,000
Tax payable	6,518,195	6,418,556
Share subscription payable	17,094,687	1,558,378
Other accruals	11,883,893	9,764,688
Others	290,096	157,006
Uncleared effects, local	<u>7,014,729</u>	<u>-</u>
	<u>426,095,720</u>	<u>548,896,766</u>

9. SHARE CAPITAL

The authorized share capital of Nib International Bank Share Company is Birr 2,000,000,000 comprising 400,000 ordinary shares of Birr 500 each, of which the following amount is:

Subscribed and fully paid	<u>999,399,000</u>	<u>943,806,500</u>
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10. SPECIAL RESERVE

The Bank has a special reserve of Birr 1,400,000 against fidelity risk in accordance with Article 21 (7) of the Banking Business Proclamation No. 592/2008.

11. RETAINED EARNINGS

Opening balance, 1 July 2012	<u>39,746,306</u>	<u>26,857,574</u>
Add: transfer of surplus for 2011/2012	213,975,740	184,124,747
Less: dividend allotment	<u>(203,276,953)</u>	<u>(171,236,015)</u>
	10,698,787	12,888,732
Transfer from share premium account	<u>16,000,000</u>	<u>-</u>
	<u>66,445,093</u>	<u>39,746,306</u>



NIB INTERNATIONAL BANK SHARE COMPANY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Currency: Ethiopian Birr
2012

12. INTEREST INCOME

Loans and advances	501,539,256	387,833,388
Treasury bills	10,972,889	7,002,839
Government bond (NBE bills)	47,122,896	26,588,589
Deposit with domestic banks	10,691,089	11,677,986
Interest on correspondent bank	<u>192,384</u>	<u>543,031</u>
	<u>570,518,514</u>	<u>433,645,833</u>

13. GAIN ON FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Gain on foreign currency dealings	102,483,336	132,815,788
Loss on foreign exchange dealings	<u>(36,654,348)</u>	<u>(39,046,700)</u>
	<u>65,828,988</u>	<u>93,769,088</u>

14. INTEREST EXPENSE

Savings deposits	149,040,057	131,452,237
Time deposits	<u>35,908,338</u>	<u>20,455,509</u>
	<u>184,948,395</u>	<u>151,907,746</u>

15. ADMINISTRATIVE AND GENERAL EXPENSES

Office rents	43,304,249	30,222,048
Depreciation and amortization	20,212,244	16,207,460
Stationery and printing	10,899,491	7,454,199
Communications	5,211,266	5,235,064
Maintenance	5,972,193	5,371,634
Insurance	9,442,162	6,626,391
Fuel	4,680,144	4,364,008
Bank charges	5,901,643	4,305,190
Advertising and promotion	2,519,287	2,551,187
Consultancy	2,663,748	243,318
Membership fee	1,818,202	94,650
Perdiem and travel	1,498,873	876,907
Transportation	2,128,320	2,082,397
General Assembly and meeting	1,383,024	2,745,763
Others	<u>16,491,760</u>	<u>12,185,298</u>
	<u>134,126,606</u>	<u>100,565,514</u>



NIB INTERNATIONAL BANK SHARE COMPANY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Currency: Ethiopian Birr
2012

16. CASH FLOWS FROM OPERATING ACTIVITIES

Net profit before tax	378,573,939	389,479,770
Depreciation and amortization	20,212,244	16,207,460
Provision for loans, advances and others	13,101,009	1,411,321
Provision written off	-	(13,529,871)
Investment income	(70,887,802)	(46,365,547)
Gain on foreign currency transactions and translations net	(65,828,988)	(93,769,088)
Directors' allowances	(600,000)	(600,000)
Loss on disposal of fixed assets	103,278	-
Operating profit before changes in operating assets and liabilities	274,673,680	252,834,045
Net (increase) decrease in loans and advances to banks and customers	(834,092,747)	(942,377,384)
Net (increase) decrease in deposits by banks and customer accounts	817,087,232	680,725,466
Net increase (decrease) in other assets	(23,186,107)	(171,181,522)
Increase in other liabilities (net of directors allowance) and margins held on letters of credit, excluding leasehold land	(86,371,028)	120,371,865
Net cash (outflow) inflow from operating activities before profit tax	148,111,030	(59,627,530)
Profit tax paid	(103,245,450)	(97,641,787)
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	<u>44,865,580</u>	<u>(157,269,317)</u>

17. CASH FLOWS FROM INVESTING ACTIVITIES

Interest on treasury bills	10,972,886	7,002,839
Interest on deposits with other banks	10,691,089	11,677,986
Investment in treasury bills	-	(50,390,000)
Redemption of treasury bills	100,000,000	-
Investment in NBE bills	(699,816,000)	(648,000,000)
Interest on NBE bills	47,122,896	26,588,589
Investment in shares	(22,203,000)	(33,254,250)
Income from Nib Insurance S.C.	2,100,929	1,096,133
Purchases of fixed assets (excluding leasehold land)	(37,715,416)	(36,654,381)
	<u>(588,846,616)</u>	<u>(721,933,084)</u>

18. CASH FLOWS FROM FINANCING ACTIVITIES

Share premium collected from new shares issued	55,592,500	16,000,000
Sales of new shares	(203,276,953)	226,788,000
Dividends paid	-	(171,236,015)
	<u>(147,684,453)</u>	<u>71,551,985</u>

NIB INTERNATIONAL BANK SHARE COMPANY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Currency: Ethiopian Birr
2012

19. MEMORANDUM ACCOUNTS

(a) Contingent liabilities		
Guarantees issued to customers	<u>984,945,194</u>	<u>458,486,205</u>
(b) Contingent assets		
Accrued interest income on NPL	7,729,893	3,552,386
Interest on loan and advances		
Under litigation	<u>50,524,914</u>	<u>40,319,999</u>
	<u>58,254,807</u>	<u>43,872,385</u>
(c) Unutilized overdraft balance	<u>679,956,773</u>	<u>474,437,669</u>
(d) Overdraft and loan facilities approved but not utilized	<u>303,167,228</u>	<u>349,570,277</u>
(e) Commitments		
Letters of credit,	698,551,404	576,484,952
Less margin held	<u>(304,998,148)</u>	<u>(257,480,128)</u>
	393,553,256	319,004,824
Inward bills for collection	10,944,772	74,403,993
Outward bills for collection	110,079,563	40,096,900
Memorandums on export letters of credits	<u>(268,909,712)</u>	<u>(39,657,959)</u>
	<u>245,667,879</u>	<u>393,847,758</u>

20. PROFIT TAX

Net profit as per profit and loss account	378,573,939	389,479,770
Add: Representation in excess of 10% of salary	80,968	78,481
Add: General provision on debtors	-	1,411,321
Add: Loss on disposal of fixed assets	103,278	-
Less: depreciation as per tax directive	(20,234,350)	(16,207,460)
Add: as per ledger	<u>20,212,244</u>	<u>16,207,460</u>
	378,736,079	390,969,572
Less: Interest on bank deposits at foreign banks *	(192,384)	(543,031)
Investment income from Nib Insurance Co. S.C.	(2,100,928)	(1,096,133)
Interest on treasury bills	(10,972,889)	(7,002,839)
Interest on income on NBE bills	(47,122,896)	(26,588,589)
Interest on local deposits	<u>(10,691,089)</u>	<u>(11,677,986)</u>
Taxable profit	307,655,893	344,060,994
	30%	30%
	92,296,768	103,218,298
* Tax on Birr 192,384 @5%	<u>9,619</u>	<u>27,152</u>
Provision for tax	<u>92,306,387</u>	<u>103,245,450</u>

* The Bank's tax liabilities have not been formally assessed by the tax authority since 2003.



NIB INTERNATIONAL BANK SHARE COMPANY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21. CAPITAL COMMITMENTS

The bank has signed an agreement for the foundation of its Head Office building (co-owned with NIB Insurance S.C.) for Earth Works and Excavation Works at an expected cost of Birr 66,598,132, of which 60% will be covered by the Bank and 40% by the Insurance Company. No commitment or contract has yet been made for the erection of the building.

22. EARNINGS PER SHARE

The earnings per share for the year are calculated on the basis of the average number of shares outstanding during the period.

23. EMPLOYEES BENEFITS SCHEME

Regarding the provident fund scheme, the bank contributes 13% of basic salary while employees contribute 7% and these contributions are held for each individual in saving accounts at the bank. All other employees' benefits are in accordance with the Labour Proclamation No. 377/2003 and Labour Amendment Proclamation No. 494/2006.

24. COMPARATIVE FIGURES

Some comparative figures have been reclassified for better presentation.



NIB INTERNATIONAL BANK S.C. BRANCH NETWORK

ADDIS ABABA BRANCHES			
No.	Branch	☎	📠
1	Abinet	011-277 00 74	011- 277 94 91
2	Adarash	011- 277 02 74	011 -277 02 75
3	Addis Ketema	011- 277 39 43	011- 277 39 44
4	Addisu Gebeya	011 -127 02 40	011- 552 72 13
5	Africa Avenue	011- 661 09 86	011- 661 09 97
6	Arada	011- 157 41 86	011- 157 41 87
7	Balcha Abanefso	011- 554 80 05	011 -554 80 04
8	Bisrate Gabriel	011 -320 35 34	011- 320 35 50
9	Bole	011 -663 33 19	011 -663 33 34
10	Bole Eniredada	011- 662 53 47	011- 662 53 49
11	Bole Medha- nealem	011- 662 13 40	011 -662 23 21
12	Cathedral	011 -156 96 73	011 -156 96 74
13	D'Afrique	011- 515 03 15	011- 515 04 56
14	Ehil Berenda	011 -275 87 21	011- 275 87 20
15	Goffa Mazonia	011- 416 01 54	011-416 04 05
16	Gotera	011- 466 46 34	011- 466 46 89
17	Gurd Shola	011 -896 36 33	011- 647 40 67
18	Habtegiorgis	011 -156 49 76	011- 156 49 88
19	Kality	011 -439 10 86	011 -439 53 26
20	Kotebe	011 -645 12 97	011- 645 13 07
21	Lebu	011- 896 36 30	011-896 36 34
22	Main	011 -551 75 61	011- 551 75 69
23	Mamokacha	011- 552 01 63	011 -552 01 62
24	Mehal Merkato	011 -278 53 29	011- 278 53 38
25	Nefas Silk	011 -442 56 95	011- 442 56 96
26	Raguel	011- 213 94 00	011- 278 91 00
27	Ras	011- 553 68 23	011- 553 68 20
28	Shola	011- 662 26 94	011- 662 26 95
29	Tana	011- 276 53 51	011 -276 53 50
30	Tatari	011 -278 12 86	011 -213 00 82
31	T/Haimanot	011- 277 92 99	011 -277 26 06
32	Tewodros deba- bay	011- 111 86 43	011- 111 08 20
33	Tigat	011 -515 67 04	011 -515 06 38
34	Tiret	011- 277 80 11	011- 213 29 88
35	Yerer Ber	011 -277 80 11	011- 647 95 11
36	Wollo Sefer	011- 552 92 53	011- 552 98 56
37	Urael	011 -515 03 01	011- 553 87 88
38	Peacock	011- 557 22 17	011- 557 22 36
39	Megenagna	011-667 38 23	011-667 38 27
40	Abakoran	011-126 60 64	011-126 60 40

UP COUNTRY BRANCHES			
No.	Branch	☎	📠
41	Dire Dawa	011 -112 34 92	025- 112 34 92
42	Emdibir	011- 331 03 33	011- 331 03 17
43	Hawassa	046 -220 71 78	046- 220 71 81
44	Butajira	046 -115 07 52	046- 115 07 52
45	Werabe	046- 771 03 11	046- 771 03 27
46	Wolkite	011-330 25 41	011 -330 25 44
47	Arba Minch	046 -881 40 58	046- 881 41 74
48	Dilla	046- 331 43 31	046- 331 39 25
49	Hossana	046- 555 03 71	046- 554 44 44
50	Warka	046-212 00 12	046-212 00 05
51	Wolaita Sodo	046-518 00 20	046-212 00 05
52	Adama	022-112 48 44	022- 112 51 88
53	Alem Gena	011- 387 05 53	011- 557 22 36
54	Aweday	025 -662 01 54	025- 662 04 62
55	Jimma	047- 112 12 34	047- 112 12 32
56	Shashemene	046- 110 26 23	046- 110 42 89
57	Mehal Arada- Adama	022 -111 85 54	022- 111 85 52
58	Bishoftu	011 -433 05 54	011- 433 75 27
59	Sebeta	011- 338 00 55	011- 338 01 24
60	Woliso	011- 341 34 25	011-341 32 92
61	Dukem	011-432 06 52	011-432 06 53
62	Jijiga	025- 775 60 72	025 775 60 73
63	Togochale	025- 882 01 27	025- 882 01 29
64	Awebere	025-777 00 37	025-777 00 36
65	Harar	025 -667 06 74	025 -667 10 76
66	Bahir Dar	058 -226 62 41	058 -226 62 44
67	Dessie	033 -112 51 10	033 -112 51 09
68	Gonder	058- 112 18 91	058- 112 17 97
69	Metema Yohannes	058 -231 08 07	058-231 08 07
70	Mekele	034- 440 93 00	034- 441 10 95
71	Humera	034 -448 09 39	034- 448 04 25

Foreign Exchange Bureaus

1	Bole Michael	011-55175 54	011- 550 43 39
2	Head Office (IBD)	011- 551 75 54	011- 550 43 39
3	Shoa Hyper Market	011-8963630	011-667 38 27



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