



Nib International Bank

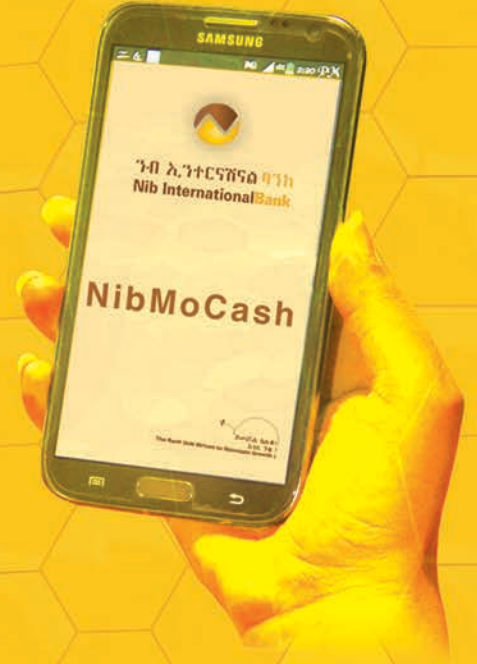
ANNUAL REPORT
JULY 2014 - JUNE 2015



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Nib InternationalBank

Mobile Banking

Banking at your hand!



Internet Banking

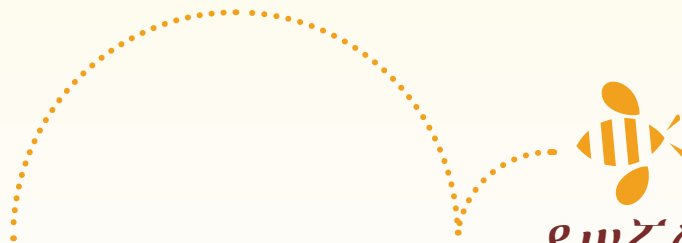
Just click Nib Online and be Online!





Nib InternationalBank

**ANNUAL REPORT
(JULY 2014 - JUNE 2015)**



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እንደ ንብ !**

The Bank that Strives to Stimulate Growth !





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Vision

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

Mission

To provide customer focused, efficient, effective and 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 Woldetensai Woldegiorgis
Chairman



Ato Sraj Abdella
V/Chairman



Sr. Mebrat W/Tensaie



Ato Alemu Denekew



Ato Simmie Kulala



Ato Kifle Borga



Ato Kifle Yirga



W/ro Martha H/Mariam



Ato Hashim Mohammed
(Mulege PLC)



Ato Asefa Desta



Ato Theodros Haile
Board Secretary

Management



Ato Kibru Fondja
President



Ato Gashawtena Amdetsion
V/P - Strategic Support & Modernizations



Ato Solomon Goshime
V/P - Resources & Facilities



Ato Genene Ruga
V/P - Operations



Ato Kedir Bedewi
Director, Trade Finance



Ato Fresenbet G/Medhin
Director, E-Banking



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



Ato Leulseged Niguse
Director, Internal Audit



Ato Abera Shire
Director, Human Resource Management



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



Ato Beyene Alemu
Director, Legal Services



Ato Seifu Agenda
Director, Credit Appraisal



Ato Lemma H/Michael
Director, Customer Relations Mgt.



Ato Asefa Jeza
Director, Logistics & Property Mgt.



Ato Desalegn Yizengaw
Director,
Accounts & Finance



Ato Melkamu Solomon
Director,
Risk & Compliance



Ato Elias Negasi
A/Director,
Information Systems



Ato Menkir Hailu
Director,
Domestic Banking





MESSAGE OF THE BOARD CHAIRMAN

It is an honor for me to present the 16th Annual General Meeting of the shareholders of Nib International Bank. During the fiscal year 2014/15, the Board of Directors has observed a slightly better performance over the preceding year.

The overall economic environment of the country has shown improvements during the year under consideration. This is reflected in the increase of the Bank's volume of operations and the level of its financial and non financial profits and achievements during the year 2014/15.

The challenges of the future is expected to be much tougher than before requiring a thorough thinking to map NIB's future in line with the newly adopted GTP II. As part of implementing our strategic priorities, the Bank has undergone structural adjustment and change management processes. A review of the implementation of the plan has been performed and progress is found successful particularly in laying down the foundations.

One of the main assets for achieving our objectives is through motivated and authentic team, which takes our responsibility and communicates the Bank's fundamental values. This is expressed in our leadership's mission, which we revised and gave a sharper focus a few years ago. We will act in compliance with the following guiding principle **'The Bank that strives to stimulate growth'**. I would like to assure all shareholders that in the years to come, the Bank will strongly peruse the laid down strategies to bring about improved changes. On behalf of the Board, I would like to extend my heartfelt appreciation to our esteemed customers for having us as their partner, the energetic workforce of NIB for their dedicated effort, the NBE officials for their significant guidance, correspondent banks, public and private institutions for their cooperation and effort. Without all these, the result registered could have not been perceived.



Woldetsai Woldegiorgis
Chairman, Board of Directors

Woldetsai Woldegiorgis
Chairman, Board of Directors
October 2015







In an effort to meet the demand for that part of the community that requires Interest Free Banking products and services, the Bank made all the necessary preparations and will start implementing in early coming financial year.

As Human Resource is a vital element of the Bank's operation, we have undertaken capacity building of staff and management through training and a lot has been done towards employee motivation and inspiration through various means.

The Government's commitment in managing the inflation rate to stay at single digit has contributed in empowering the saving capacity of the society. This is one of the major success factors for banking business though price rise has been observed in some commodities during the last quarter of the financial period under consideration. Moreover, the close supervision and follow-up of the NBE gave us strength to build our capacity and sound regulatory relationship.

Finally, I would like to take this opportunity to express my gratitude to the Board of Directors for their tireless support and leadership to realize the strategic objectives of the Bank. I am also happy to express my appreciation to the Management and employees of the Bank for their unreserved effort towards achieving the Bank's overall objectives and goals. With concerted efforts of all employees of the Bank, shareholders, business partners and stakeholders, I have full confidence that we will attain a remarkable result in the 2015/16 financial year.

Kibru Fondja
President

Annual General meeting of shareholders in session



DIRECTORS' REPORT

1. BACKGROUND

1.1. GLOBAL ECONOMIC SITUATION

According to the IMF's World Economic Outlook (WEO) of April 2015 report, global growth in 2014 was a modest 3.4%, reflecting a pickup in advanced economies and a slowdown in emerging market and developing economies relative to the previous year. The report shows that the global growth picked up in the second half of 2014 and the growth in advanced economies accounted for much of that. Growth is projected to be stronger in 2015 relative to 2014 in advanced economies, but weaker in emerging markets, reflecting more subdued prospects for some large emerging market economies and oil exporters.

Growth in emerging and developing economies is projected to decline from 4.6% in 2014 to about 4.3% in 2015 and rise to 4.7% in 2016. Sub-Saharan Africa remained strong in 2014 at 5.0% growth rate and projected to be 4.5% and 5.1% in 2015 and 2016 respectively.

The overall growth of world output is forecasted to strengthen from 3.4% in 2014 to 3.5% and 3.8% in 2015 and 2016 financial year respectively.

The World Economic Situation and Prospects (WESP) 2015 first quarter report shows that inflation is projected to decline in 2015 in both advanced economies and most emerging market and developing economies, reflecting primarily the impact of the decline in oil prices. In advanced economies, inflation is projected to rise in 2016. In the United States, annual inflation in 2015 is projected to decline by 0.4%. Inflation in Sub-Saharan African countries has declined to 6.3% in the period from 6.4% of last year.

According to World Bank January 2015 report, global trade performance has been disappointing in recent years. Except for a solid post-recession rebound in 2010, when global trade rose 13%, it has been relatively subdued in recent years, averaging 3.4% annual growth rate between 2012 and 2014. This rate is well below the pre-boom average growth of about 7% per annum.

The slowdown in global trade has been driven by both cyclical factors, notably persistently weak import demand in high-income countries, and structural factors, including the changing relationship between trade and income. Specifically, world trade has become less responsive to changes in global income because of slower expansions of global supply chains and a shift in demand towards less import-intensive items.

1.2. DOMESTIC ECONOMY

The Ethiopian economy has continued to attain fast and broad-based growth making a 10.3% annual growth in the 2014/15 financial year which is almost double to that of 5.0% of Sub-Saharan Africa in the period. Information from Ministry of Finance and Economic Development shows that the country is placed in the list of the 10 fastest growing economies in the world. During the financial year, the country's macroeconomic stability was found to be somewhat unstable by registering annual average inflation of 11.3% from 8.1% in 2013/14 financial year.

As per the information obtained from Ministry of Trade, the country's export earnings reached USD 2.99 billion (59.5% of the plan) and shrank by 8% in 2014/15 from USD 3.25 billion of last



year. Coffee continues to lead export earnings with USD 780.2 million by registering a growth of 8.5% from last year balance of USD 718.8 million in 2014/15. Revenue earned from Oilseeds took the second position albeit it shows significant decline of USD 140 million with a balance of USD 503 million during the fiscal year compared to last year balance of USD 643 million. Revenue from Mining similarly registered a decline of 23% compared to the previous year's achievement. Export revenue from Gold in particular declined by USD 118 million (25%).

In particular in the 2014/15 fiscal year the country earned USD 271.25 million (9%) from Chat, USD 220.3 million (7.4%) from Pulses, USD 203 million (6.8%) from Flowers, USD 131.5 million (4.4%) from Leather, USD 98 million (3.3%) from Textiles and USD 45 million (1.5%) from vegetable & fruit. The report indicates that; lack of coordination between responsible bodies is one of the causes for the missed target. Lack of manufacturing input supply, sub-capacity production, challenges in international price competition and oversupply of export products to local market are also said to be challenges that have led to weak performance.

A broad based infrastructural development and investment in the energy sector has also continued as well which in turn positively contribute a lot for well functioning of the financial sector.

2. MAJOR ACTIVITIES AND ACHIEVEMENTS

Some of the major activities performed during the financial year were:

- ✦ The task of office standardization and image building activities in line with the Bank's new logo has continued intensively throughout the period. Aggressive promotional activities have been also made through various channels in order to publicize the Bank and its new products and overall banking services to the general public.
- ✦ With the aim of providing fast and efficient banking services to its customers, the Bank has effectively carried out the implementation of Mobile and Internet Banking by preparing all the necessary policy and procedure manuals in the period. Besides, to enhance its international banking accessibility, the Bank has also commenced MasterCard service and acquiring of Visa card is to go live soon.
- ✦ With the objective of relieving the ever increasing rent expense, the Bank has finalized the purchase of office space located around 22 Mazoria.
- ✦ The construction of the HQ building project is being carried out in two major phase; on the first phase, excavation, concrete shoring and pile foundation works are included while the second phase includes basement and upper structure building construction work. Accordingly, the first phase construction work is progressing at a satisfactory rate. The mass excavation work and concrete shoring pile work is 100% completed. However, the structural pile work is only 35% completed, the major challenge for the pile foundation work is the unexpected geological formation of the site that is existence of a very strong basaltic rock layer that hindered the rate of pile foundation drilling which finally reached 40 meters below the ground level. In spite of the challenges, the remaining foundation work is expected to be finalized until the mid of October 2015.

Regarding the remaining (Sub and Super structure) construction work, an international bid was floated.

- ☛ Inline with the Banks' plan to build different branch offices and multipurpose building projects in different major towns of the country, the soil investigation and design preparation work for Hawassa and Dukem is 100% completed. In this respect, the construction tender document proposal is under progress and recently a bid is floated for both buildings.
- ☛ The construction of Wolkite branch office building is completed and put to operation in the financial year under consideration.
- ☛ With the aim of having its own building and office spaces, studies were undertaken to purchase office space (buildings) around Ayat, Adama and Hossana.
- ☛ In order to facilitate the smooth operation of the Bank and to comply with the ever changing banking service needs and National Bank directives, a number of policy and procedure manuals have been prepared and improvements were made on existing ones.
- ☛ To expand the Bank's international banking service accessibility and increase foreign currency mobilization effort, the Bank has established an agreement with Hodan Money Transfer.

3. FINANCIAL PERFORMANCE

It is well understood that the financial performance of the Bank is the central and most vital part of this report. To this end, the Board of Directors is pleased to provide the detailed financial report for the year 2014/15.

3.1. BALANCE SHEET ANALYSIS

The overall assets of the Bank as at 30th June 2015 stood at Birr 13.3 billion registering a significant growth of 23.3% compared to that of the same period of last year. Out of the total assets, liquid assets constitute 13.6% which is lower by 6.2% 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 52.8% during the reporting period from 51.4% of same period of last year. Similarly, the loan to deposit ratio increased to 70.5% in the financial year from 68.3% on 30th June 2014. The Bank's total liabilities also stood at Birr 11.1 billion, registering a growth of 26.1% compared to the same period of the preceding year. Of which, total deposits constituted 88.2% of the total liabilities.

Financed projects: Saromaria & Fitsum Belay Hotels





The Bank's total capital, composed of paid-up capital, reserves, retained earnings and undistributed profit, reached Birr 2.2 billion. It showed an increase of Birr 213 million (10.8%) relative to last year balance. Out of the total capital, paid-up capital constituted 58.1%. The capital adequacy ratio of the Bank was 21.8% in the financial year which is well above the regulatory minimum requirement of 8% set by NBE. This indicates that the Bank's asset growth is adequately backed by proportionate growth of equity.

3.1.1. DEPOSITS

The aggregate deposit during the financial year stood at Birr 9.8 billion which shows an increment of Birr 1.8 billion or 23.4% compared to the balance of Birr 7.9 billion registered during last year same period.

The number of deposit accounts also reached 337,054 registering 21% 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.

Table1: Deposit by Type

In '000 Birr

Deposit Type	30/06/15		30/06/14		Change	
	Amount	%	Amount	%	Absolute	%
Savings Deposits	5,455,787	55.8%	4,547,006	57.4%	908,781	20.0%
Demand Deposits	2,996,628	30.7%	2,511,485	31.7%	485,143	19.3%
Time Deposits	1,321,700	13.5%	864,802	10.9%	456,898	52.8%
Total	9,774,115	100.0%	7,923,293	100.0%	1,850,822	23.4%

The above table shows that the balance of interest bearing deposits was Birr 6.8 billion or 69.3% while non-interest bearing deposits accounted for Birr 3.0 billion or 30.7% at the end of the financial year.

Financed projects: Signing agreement with Adama Gimb Gebya



CHART 1: COMPOSITION OF DEPOSITS

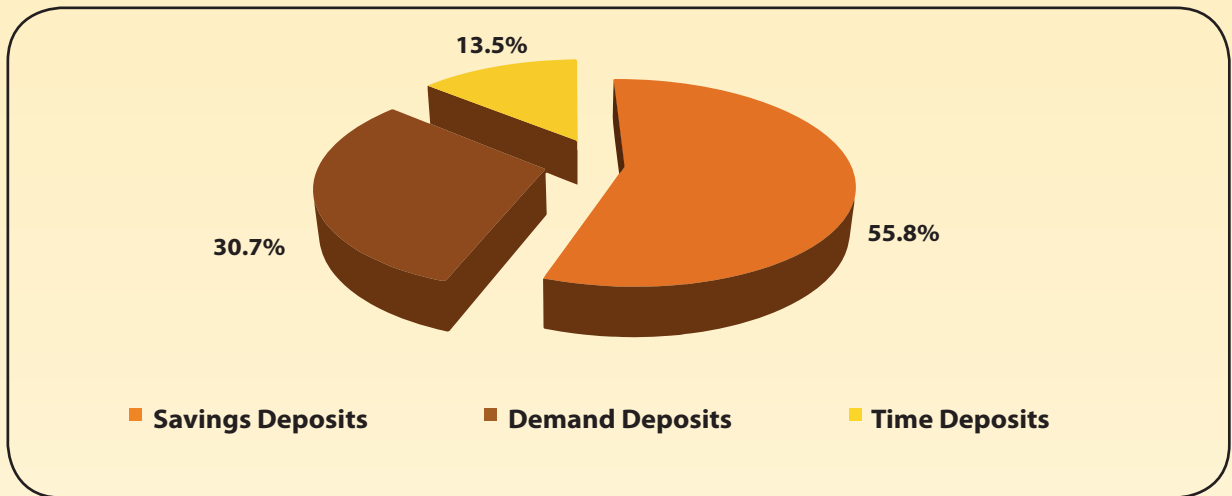
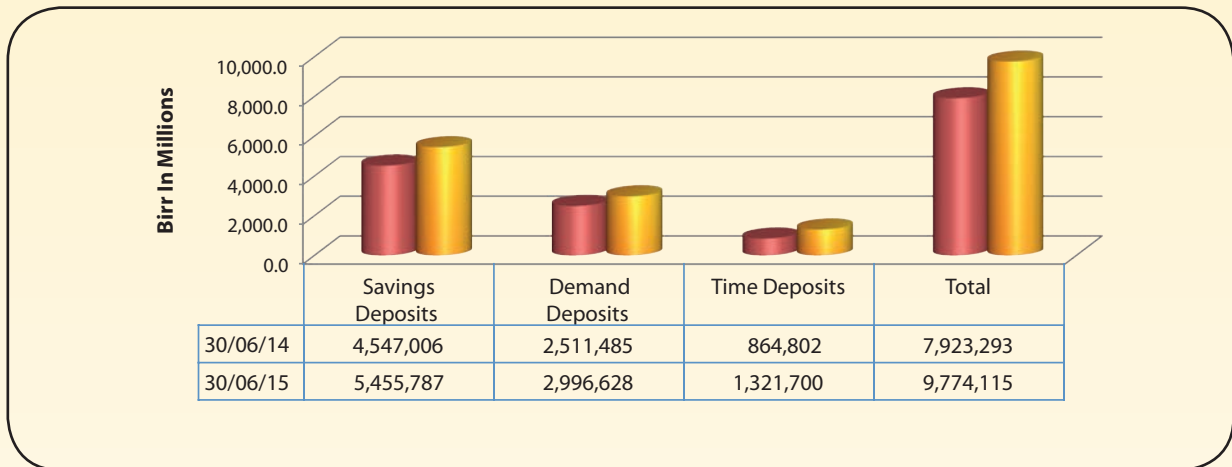


CHART 2: COMPARISON OF DEPOSITS



3.1.2. LOANS AND ADVANCES

At the close of the 2014/15 financial year, the Bank’s total outstanding loans and advances stood at Birr 6.9 billion. When compared to the preceding year, it showed an increase of Birr 1.5 billion or (26.7%). The NBE directive that requires private banks to purchase NBE Bills which equals to 27% of each loan disbursed has greatly affected the liquidity position and lending capacity of our Bank.

Financed projects: Tracon Coffee Processing





During the period under consideration, asset quality of the Bank was at a good position that complies with the statutory requirement which is the result of rigorous monitoring and follow-up activity by the Bank's management.

Table 2: Loans and Advances by Economic sector

In '000 Birr

Economic Sector	30/06/15		30/06/14		Change	
	Amount	%	Amount	%	Absolute	%
Manufacturing	1,592,980	22.8%	1,406,413	25.5%	186,568	13.3%
Domestic Trade & services	1,311,399	18.7%	851,841	15.4%	459,558	53.9%
Export	1,137,311	16.2%	1,097,527	19.9%	39,785	3.6%
Building & Construction	960,922	13.7%	801,147	14.5%	159,776	19.9%
Import	898,721	12.8%	580,702	10.5%	318,019	54.8%
Hotel & Tourism	677,571	9.7%	479,555	8.7%	198,016	41.3%
Agriculture	104,303	1.5%	111,117	2.0%	(6,814)	-6.1%
Transportation	79,618	1.1%	38,592	0.7%	41,026	106.3%
Mining, Power & Water	17,638	0.3%	21,080	0.4%	(3,442)	-16.3%
Personal	218,727	3.1%	135,527	2.5%	83,201	61.4%
Total	6,999,192	100.0%	5,523,500	100.0%	1,475,692	26.7%

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 (22.76%) was goes to the manufacturing sector followed by domestic trade and service (18.74%), export (16.25%), building and construction (13.73%) and import (9.68%).

CHART 3: SECTORAL SHARE OF LOANS AND ADVANCES

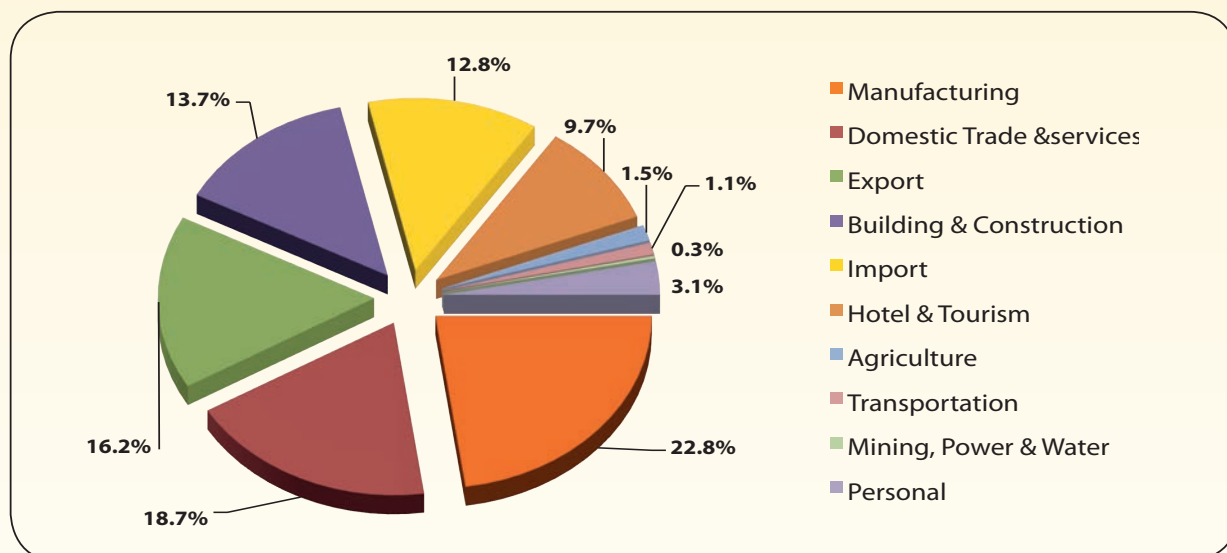
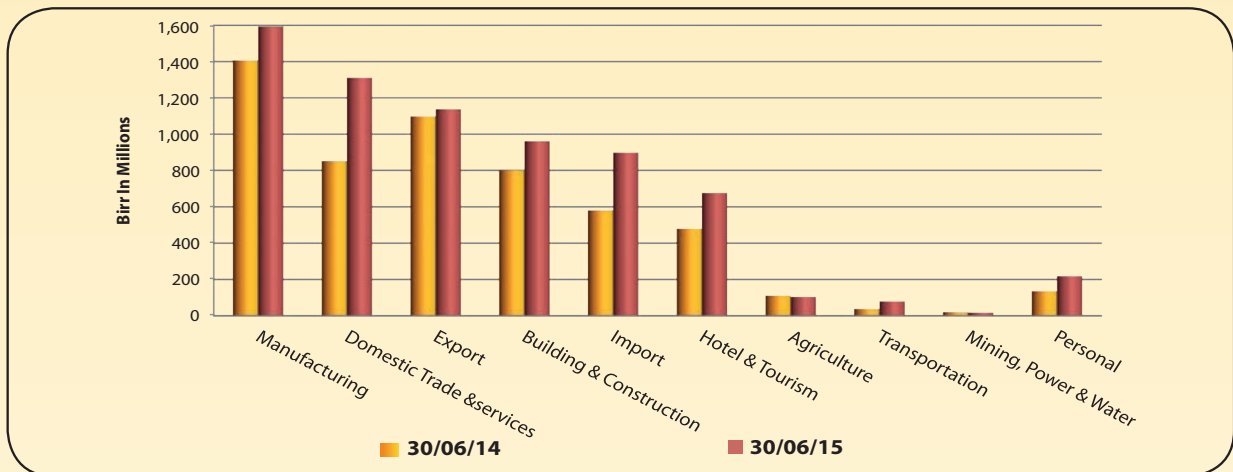


Chart 4 shows comparative distribution and increase of aggregate loans and advances during the financial year 2013/14 and 2014/15.

CHART 4: COMPARATIVE DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR


3.2. INCOME STATEMENT ANALYSIS

3.2.1. INCOME

The Bank earned a total income of Birr 1.21 billion during the financial year 2014/15 showing an increase of Birr 169.9 million (16.4%) compared to Birr 1.04 billion registered in the preceding financial year.

Table 3: Composition of Income

In '000 Birr

Item	30/06/15		30/06/2014		Change	
	Amount	%	Amount	%	Absolute	%
Interest Income	891,973.2	73.8%	696,938.4	67.1%	195,034.8	28.0%
Commission Income	64,774.7	5.4%	82,098.1	7.9%	(17,323.4)	-21.1%
Service Charge	149,411.0	12.4%	165,635.6	15.9%	(16,224.6)	-9.8%
Gain on foreign currency transactions & translations	73,785.2	6.1%	73,710.7	7.1%	74.5	0.1%
Provision No Longer Required	10,613.4	0.9%	-	0.0%	10,613.4	-
Other Income	18,200.5	1.5%	20,515.4	2.0%	(2,314.9)	-11.3%
Total	1,208,758.1	100%	1,038,898.2	100%	169,859.9	16.4%

Financed Project-Ethio Cement Factory





As shown on Table 3 above, interest income constituted 73.8% (Birr 892 million) showing an increase of 28.0% when compared to level of the preceding year Birr 696.9 million. The other income components have also registered a moderate growth during the financial year (Refer charts 5 and 6).

CHART 5: COMPOSITION OF INCOME

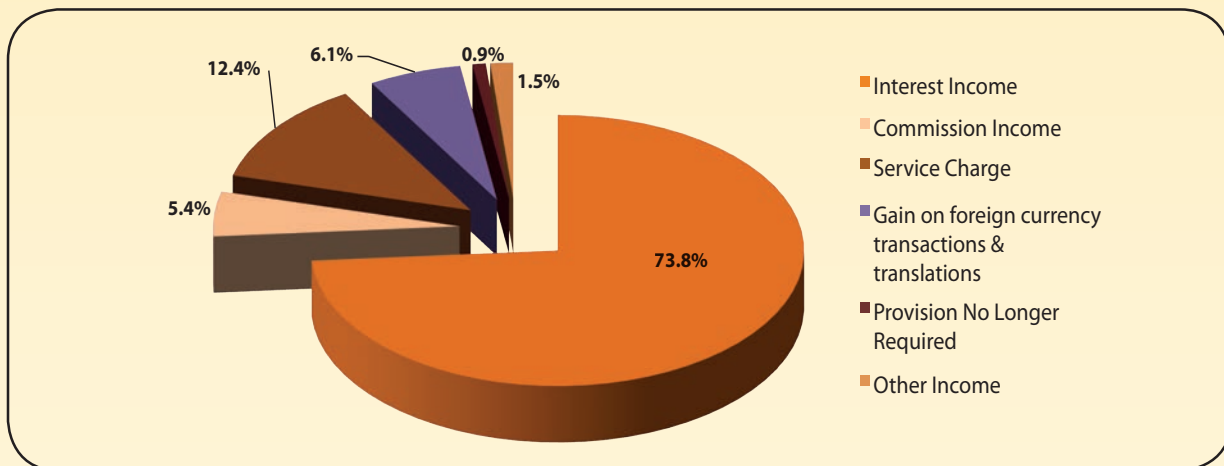
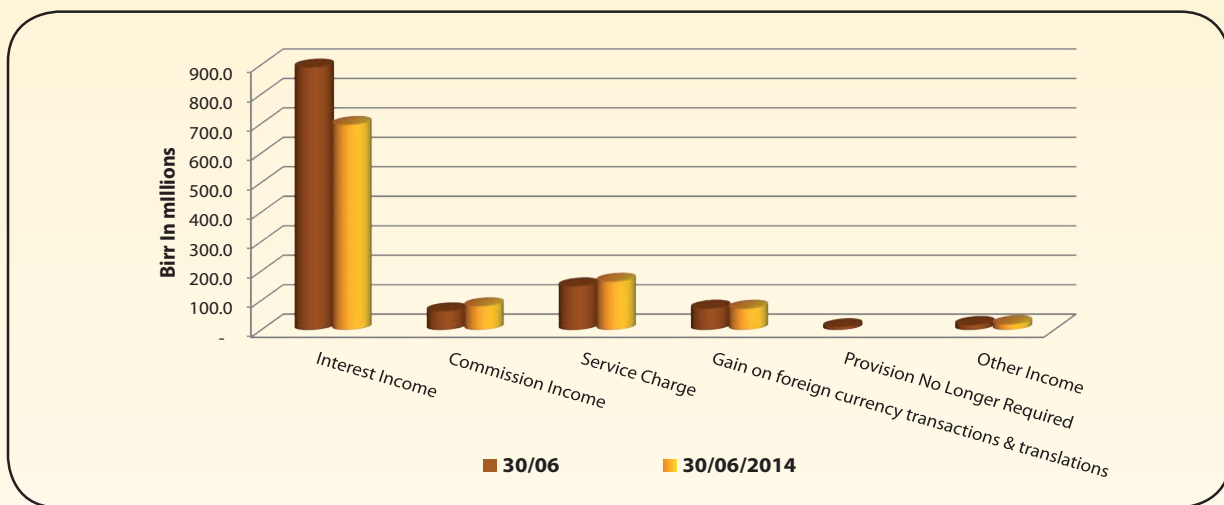


CHART 6: COMPARISON OF INCOME SOURCES



Financed projects: Yekatit Printing press



3.2.2. EXPENSES

The total expense of the Bank for the financial year was Birr 768 million. It exceeded previous year's balance by Birr 143.7 million (23%). 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 30.7% and 30.1%, respectively. The details are presented on table 4 below.

Table 4: Breakdown of Expenses In '000 Birr

Item	30/06/15		30/06/14		Change	
	Amount	%	Amount	%	Absolute	%
Interest Expense	300,494.5	39.1%	229,802.2	36.8%	70,692.3	30.8%
Salaries & Benefits	235,977.1	30.7%	193,652.8	31.0%	42,324.3	21.9%
General Expenses	231,244.3	30.1%	186,362.4	29.9%	44,881.9	24.1%
Provision for doubtful loans and others	-	0.0%	14,108.1	2.3%	(14,108.1)	-100.0%
Audit fee	241.5	0.03%	356.5	0.1%	(115.0)	-32.3%
Total	767,957.4	100%	624,282.0	100%	143,675.4	23.0%

Interest expense has increased by Birr 70.7 million, which is 30.8% 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 42.3 million or by 21.9% mainly due to the recruitment of additional employees in line with the branch expansion program of the Bank and annual salary increment and benefit for staff. Likewise, administrative and general expenses have also increased by Birr 44.9 million or 24.1% 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.

Managment meeting in session





CHART 7: COMPOSITION OF EXPENSES

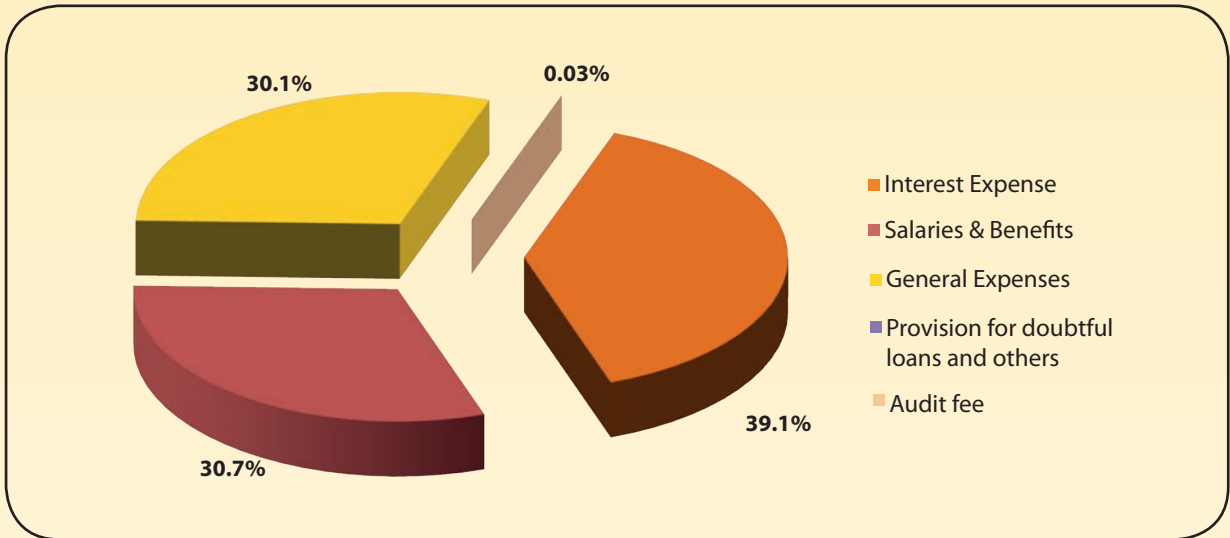
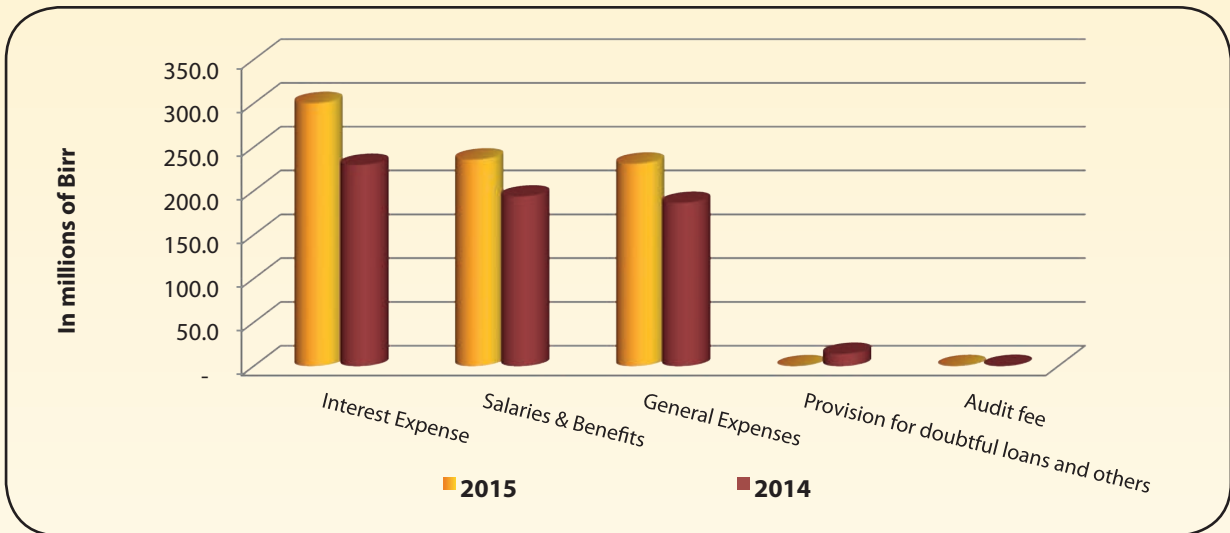


CHART 8: COMPARISON OF EXPENSES



Management Training in session



3.2.3. INTERNATIONAL BANKING OPERATIONS

At the end of the financial year, the income generated from international banking operations reached Birr 272.9 million, accounting for 22.6% of the Bank's total income. Out of the total income generated from international banking operations, service charges and others contributed a substantial share (55.4%) followed by gain on foreign exchange transactions and translations (27.0%). The remaining 17.6% was obtained from commission income on L/C opening, interest earned on Bills discounted and foreign cheques purchased and interest earned on correspondent accounts.

3.2.4. PROFIT

During the financial year under consideration, the Bank was able to generate a gross and net profits of Birr 440.8 million and Birr 337.1 million, respectively. The net profit showed an increase of Birr 23.3 million (7.4%) compared to Birr 313.8 million registered in the preceding financial year. Similarly the gross profit of the Bank has increased by Birr 26.2 million (6.3%) from last year same period position.

3.3. 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 is 3.7% in the financial year 2014/15 decreased by 11.9% from last year same period of 4.2%. 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 27.3%. The percentage for the same period last year was 28.5%.

4. 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 2,622 from the previous year of 2,351. During the period under consideration, the Bank recruited 541 additional employees, of which, 272 were professional and clerical and the remaining 269 were non-clerical.

Capacity building is one and core requirement for sustainable development of an organization. Accordingly, in order to enhance employees' skill and the Bank's performance and for effective implementation of the Strategic Plan during the financial year 2014/15 fifty five (55) training programs were conducted by the Bank and a total of 2,057 employees have attended the in-house and out sourced training programs.

Training for Board of Directors & Executive Management





5. RISK AND COMPLIANCE MANAGEMENT

The primary responsibility of the Risk and Compliance Management function of NIB is to coordinate the integrated risk management process throughout the Bank and ensure the Bank's compliance with national and international as well as legal and supervisory requirements so as to avoid any risk of loss in the Bank's earning and capital.

NIB has identified various types of risks inherent in its day to day business operations. Such risks include but not limited to Credit, Operational, Liquidity, Interest Rate and Foreign Exchange Rate Risks. Accordingly, NIB regularly monitors and controls these inherent risks through an effective risk management programs.

In terms of Compliance Management, the Bank has recently updated its Compliance and Anti-Money Laundering & Combating the Financing of Terrorism (AML/CFT) policy and procedures for the second time. NIB's Compliance AML/CFT policy and procedures apply to all of the Bank's offices, branches and subsidiaries, wherever located. Along with these, systems are in place to ensure that business relationships are commenced with clients whose identity and activities can reasonably be established for sake of legitimacy, to collect and record all relevant client information, to monitor and report cash and suspicious transactions and to provide periodic AML/CFT training to employees.

6. INFORMATION TECHNOLOGY

During the financial year under consideration, the Bank has implemented Mobile and Internet Banking through which it has diversified its product type and means of service delivery to its customers. Moreover, to enhance the application of modern banking technologies and provide competitive service via a wide range of card banking services, the Bank has established a strategic partnership with MasterCard which is one of the breakthroughs to provide international payment service and a lot is accomplished to start accepting VISA and Union Pay branded cards.

7. BRANCH EXPANSION

During the period under consideration, the Bank has opened 17 additional branches at different parts of the country bringing the total number of branches to 105, out of which 59 are in Addis Ababa and the remaining 46 are located in the regional towns.

Colorful Inauguration of Saris & Kolfe branches



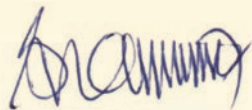
8. FOCUS AREAS FOR 2015/16

Some of the Bank's 2015/16 plans are the following:

- ✦ Introducing new banking products and services in order to meet customers' demand and increase customer base of the Bank.
- ✦ Effectively continuing the construction activities of the Head Office and other office building projects in Addis Ababa and regional towns.
- ✦ Finalizing the purchase of selected office buildings and continue to purchase additional branch office buildings in selected areas.
- ✦ Improving the service delivery and quality of services.
- ✦ Reducing the attrition rate of skilled man power.
- ✦ Improving our operation of IBO in order to augment the Bank's income.
- ✦ Continuing opening of branches in strategic locations.
- ✦ Working effectively to improve the Bank's operational results.
- ✦ Hiring an international consultant to design transformational road map in order to increase competitive position of the Bank to international level.

9. VOTE OF THANKS

The Board of Directors would like to express its heartfelt gratitude to our customers, shareholders, Management and staff of NIB as well as the National Bank of Ethiopia, for their respective contribution towards the satisfactory performance of the Bank during the financial year 2014/15.



Woldetsai Woldegiorgis
Chairman, Board of Directors
October, 2015

Inauguration of own building at Wolkite





AUDITORS' REPORT

ጌታቸው ካሣይ እና ጓዶቹ
Getachew Kassaye & Co.
Chartered Certified Accountants

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P. O. Box 1432
ADDIS ABABA
ETHIOPIA

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

1. We have audited the accompanying financial statements of Nib International Bank Share Company (hereinafter referred to as the Bank) for the year ended June 30, 2015, set out on pages 26 to 40, which have been prepared under the accounting policies set out on page 29.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with the historic cost convention, generally accepted accounting principles and the laws and regulations of Ethiopia. This responsibility includes: designing, implementing and maintaining internal control 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.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the preparation and fair presentation of the financial statements in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. The 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

- 5. In our opinion, the financial statements represent fairly the financial position of the Bank as at June 30, 2015, and its profit and cash inflows for the year then ended.

- 6. We have no comments to make on the report of the Board of Directors relating to the financial matters and pursuant to article 375(2) of the Commercial Code of Ethiopia of 1960; we recommend that the above mentioned financial statements be approved.


GETACHEW KASSAYE & CO.
CHARTERED CERTIFIED ACCOUNTANTS



Addis Ababa
September 29, 2015



NIB INTERNATIONAL BANK SHARE COMPANY

BALANCE SHEET

AS AT JUNE 30, 2015

Currency: Ethiopian Birr
2014

ASSETS

Cash and Bank Balances

	Notes		
Cash on hand	4	858,496,116	853,237,120
Deposits with local commercial banks	5	7,512,595	23,502,595
Deposits with foreign banks		144,490,179	82,210,166
Deposits with National Bank of Ethiopia	6	<u>787,187,308</u>	<u>957,036,943</u>
		1,797,686,198	1,915,986,824
Loans and advances to customers	7	6,894,044,536	5,407,739,082
NBE Bills		3,774,511,058	2,686,108,058
Equity Investment	8	84,637,100	65,877,700
Other assets	9	400,018,383	417,671,547
Tangible Fixed assets	3.1,10	<u>305,227,206</u>	<u>253,900,056</u>
TOTAL ASSETS		<u>13,256,124,481</u>	<u>10,747,283,267</u>

LIABILITIES

Deposits From Customers			
Demand Deposits		2,996,628,389	2,511,484,656
Saving Deposits		5,455,786,993	4,547,006,840
Fixed Deposits		<u>1,321,700,492</u>	<u>864,801,680</u>
		9,774,115,874	7,923,293,176
Margin held on letters of credit		146,671,512	240,191,819
Other liabilities	11	1,054,305,180	518,593,137
Provision for taxation	24	103,727,831	100,848,107
TOTAL LIABILITIES		<u>11,078,820,397</u>	<u>8,782,926,239</u>

CAPITAL AND RESERVES

Share capital	12	1,265,202,500	1,201,027,500
Legal reserve		547,394,790	463,126,570
Special reserve	13	1,600,000	1,500,000
Retained earnings	14	111,002,135	64,076,930
Profit and loss account		<u>252,104,659</u>	<u>234,626,028</u>
TOTAL CAPITAL AND RESERVES		<u>2,177,304,084</u>	<u>1,964,357,028</u>
TOTAL LIABILITIES, CAPITAL AND RESERVES		<u>13,256,124,481</u>	<u>10,747,283,267</u>

Woldetensai Woldegiorgis
Chairman of the Board

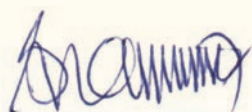
Kibru Fondja
President/CEO

NIB INTERNATIONAL BANK SHARE COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

Currency: Ethiopian Birr

2014

	<u>Notes</u>		
INCOME			
Interest Income	3.3,15	888,075,000	694,089,326
Less: Interest expense	3.3,21	<u>300,494,498</u>	<u>229,802,244</u>
Net interest income		587,580,502	464,287,082
Commission income	16	64,774,737	82,098,113
Service charges	17	149,411,041	165,635,580
Net gain on foreign exchange dealings and translations	18	73,785,217	73,710,673
Dividend income	19	3,898,236	2,849,059
Provision for doubtful debt		10,613,425	-
Other income	20	<u>18,200,483</u>	<u>20,515,412</u>
		<u>908,263,641</u>	<u>809,095,919</u>
EXPENSES			
Salaries and benefits		235,977,136	193,652,825
General and administrative expense	22	230,914,895	186,020,209
Provision for doubtful debt		-	14,108,041
Directors' monthly allowances		329,400	342,200
Audit fee		<u>241,500</u>	<u>356,500</u>
		<u>467,462,931</u>	<u>394,479,775</u>
PROFIT BEFORE TAXATION		440,800,710	414,616,144
PROVISION FOR TAXATION	24	<u>(103,727,831)</u>	<u>(100,848,107)</u>
PROFIT AFTER TAXATION		337,072,879	313,768,037
TRANSFER TO LEGAL RESERVE		<u>(84,268,220)</u>	<u>(78,442,009)</u>
TRANSFER TO SPECIAL RESERVE		<u>(100,000)</u>	<u>(100,000)</u>
NET PROFIT AFTER TAX AND RESERVES		252,704,659	235,226,028
BOARD OF DIRECTORS' REMUNERATION	26	<u>(600,000)</u>	<u>(600,000)</u>
CURRENT YEAR PROFIT		<u>252,104,659</u>	<u>234,626,028</u>
EARNINGS PER SHARE	27	137	143



Woldetensai Woldegiorgis
Chairman of the Board



Kibru Fondja
President/CEO



NIB INTERNATIONAL BANK SHARE COMPANY

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

Currency: Ethiopian Birr

2014

Cash Flow from Operating Activities

Profit before tax	440,800,710	414,616,144
Depreciation and amortization	45,613,603	47,214,254
Provision for doubtful loans and others	(10,613,425)	14,108,041
Loan written off	-	(11,201,286)
Investment income	(102,170,449)	(82,349,120)
Directors allowance paid	(600,000)	(600,000)

Operating profit before change in operating assets and liabilities

Operating profit before change in operating assets and liabilities	373,030,439	381,788,033
(Increase) in loans and advances to customers	(1,475,692,029)	(980,507,681)
Decrease (increase) in other assets	17,653,164	(90,577,810)
Increase in demand deposits	485,143,733	387,825,307
Increase in saving deposits	908,780,153	566,323,523
Increase in fixed deposits	456,898,812	313,930,305
Increase (decrease) in margin held on letters of credit	(93,520,307)	(64,806,329)
Increase in other liabilities net of directors' allowance	535,712,043	92,497,416
Dividend transferred to liability	(14,693,038)	11,629,416
Income tax Paid	(100,848,107)	(94,674,550)

Net Cash Inflow/(Outflow) from Operating Activities

Cash flow from investing activities

Net Cash Inflow/(Outflow) from Operating Activities	1,092,464,863	523,427,630
Cash flow from investing activities		
Purchase of fixed assets	(64,536,097)	(142,196,985)
Payment for the construction in progress	(32,404,656)	-
Interest on deposit with other banks	1,225,564	9,630,688
Treasury Bills (purchased) redemption	-	150,000,000
Interest on treasury bills	-	2,073,020
Increase in NBE bills purchased	(1,088,403,000)	(775,011,000)
Interest on NBE bills	97,046,649	67,796,353
Equity Investment	(18,759,400)	(3,426,700)
Income from equity investment	3,898,236	2,849,059

Net cash received from (used in) investing activities

Cash Flow from Financing Activities

Net cash received from (used in) investing activities	(1,101,932,704)	(688,285,565)
Cash Flow from Financing Activities		
Proceeds from issue of share capital	64,175,000	201,628,500
Dividend paid	(173,007,785)	(225,630,080)

Net cash received from (used in) financing activities

Net cash received from (used in) financing activities	(108,832,785)	(24,001,580)
Net Increase (Decrease) in Cash For the year	(118,300,626)	188,859,515
Cash Balance at the Beginning of the Year	1,915,986,824	2,104,846,339
Cash Balance at the End of the Year	1,797,686,198	1,915,986,824

Woldetensai Woldegiorgis
Chairman of the Board

KibruFondja
President/CEO



NIB INTERNATIONAL BANK SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. BACKGROUND

Nib International Bank is a privately owned commercial bank established in 1999 in accordance with the "Licensing and Supervision of Banking Business Proclamation No. 84/1994" of Ethiopia, now superseded by Proclamation No. 592/2008 to undertake commercial banking activities.

The Bank obtained its license from the National Bank of Ethiopia (NBE) on 26, May 1999 and started its business activities in the month of October 1999. It operates through its Head Office in Addis Ababa and 105 branches and 3 agency offices for foreign exchange transactions in and outside Addis Ababa.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the historical cost convention, Generally Accepted Accounting Principles (GAAP) and 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 Bank maintains its accounting records in accordance with Ethiopian banking and accounting regulations. These financial statements have been prepared from those accounting records and adjusted as necessary in order to comply with GAAP. The financial statements have been prepared on the going concern basis.

The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Bank are stated below:-

3.1 Fixed assets

Fixed assets are stated at cost, less depreciation. Depreciation is applied on a book value by adding additions and deducting disposal proceeds except for building and intangible assets:

Building	5% straight line
Computer hardware and software	25%
Other assets	20%
User right on lease	10% straight line

3.2 Intangible assets

Expenditure incurred before the commencement of operations is treated as pre-operational costs and amortized on the straight-line method for an expected useful life of 5 years.



NIB INTERNATIONAL BANK SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

3.3 Interest income and expenses

Interest income and interest expenses are accounted on the accrual basis.

3.4 Bonus

Bonus and compensation for services of the bank's employee's are accounted for when paid.

3.5 Other income

All other income is accounted for at the time of completion of related banking transactions.

3.6 Conversion of foreign currencies

- (i) Foreign currencies denominated transactions are converted into Birr at the prevailing rates of exchange and realized foreign exchange gains or losses are reflected in the profit and loss account.
- (ii) Year-end balances of foreign currencies on hand and with correspondent banks are converted into Birr at the closing selling rates on the balance sheet date.

3.7 Off-setting

Financial assets and liabilities are off-set and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recorded amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.8 Provisions for loans and advances

Loans and advances are financial instruments originated by the Bank by providing money to the debtors. The loans and advances are stated at cost less impairment losses. Impairment losses comprise specific provisions against debts identified as bad and doubtful and general provisions against losses which are likely to be present in any loans and advances portfolio. The Bank follows the National Bank of Ethiopia, Supervision of Banking Business Directive SBB43/2008 in determining the extent of provisions for impairment losses. The Directive classifies loans and advances into the following;

i) Pass Loans

Loans and advances in this category are fully protected by the current financial and paying capacity of the borrower and are not subject to criticism. In general, loans and advances, which are fully secured, both as to principal and interest, by cash or cash substitutes, are classified under this category regardless of past due status or other adverse credit factors.

ii) Special Mention

Any loan or advance past due 30 days or more but less than 90 days is classified under this category.

iii) Substandard

Non-performing loans or advances past due 90 days or more but less than 180 days is classified under this category.

NIB INTERNATIONAL BANK SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

iv) Doubtful

Non-performing loans or advances past due 180 days or more but less than 360 days is classified as doubtful.

v) Losses

Non-performing loans or advances past due 360 days is classified as loss.

As per the Directive, the provision for impairment losses are determined as follows:-

No.	Loan Category	Extent of provision required
1	Pass loans	1% of the outstanding loan balance
2	Special mention loans	3% of the outstanding loan balance
3	Substandard loans	20% of the net loan balance
4	Doubtful loans	50% of the net loan balance
5	Loss loans	100% of the net loan balance

Note: Net loan balance is outstanding loan balance less net recoverable value of collateral.

4. CASH ON HAND

Currency: Ethiopian Birr

2014

Local currency	840,558,908	841,175,336
Foreign currency	17,937,208	12,061,784
	858,496,116	853,237,120

5. DEPOSITS WITH LOCAL BANKS

ECX and other accounts with other banks	12,595	1,002,595
Fixed time deposit	7,500,000	22,500,000
	7,512,595	23,502,595

6. DEPOSITS WITH NATIONAL BANK OF ETHIOPIA

Statutory reserve balance	490,190,920	398,190,920
Payment and settlement account	203,376,407	135,256,622
Issue account	93,619,981	423,589,401
	787,187,308	957,036,943



NIB INTERNATIONAL BANK SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

7. LOANS AND ADVANCES TO CUSTOMERS

Currency: Ethiopian Birr

2014

Agriculture	104,302,532	111,116,964
Manufacturing	1,592,980,499	1,406,412,486
Domestic trade and services	1,311,399,394	851,841,144
Transport and communication	79,618,033	38,591,977
Hotel and tourism	677,571,078	479,555,336
Export	1,137,311,430	1,097,526,779
Import	898,721,487	580,702,322
Building and construction	960,922,320	801,146,559
Mines, Power and Water Resource	17,637,898	21,079,935
Personal	<u>218,727,492</u>	<u>135,526,632</u>
	6,999,192,163	5,523,500,134
Less: Provision for doubtful debts and advances	<u>(105,147,627)</u>	<u>(115,761,052)</u>
	<u>6,894,044,536</u>	<u>5,407,739,082</u>

8. EQUITY INVESTMENT

	No of Paid Shares	Par Value of Shares	Total Shares	
Nib Insurance S.C.	193,920	50	9,696,000	6,750,000
Agar Micro finance S.C.	35,751	100	3,575,100	2,101,700
Premier Switch Solutions S. C.	44,996	1,000	44,996,000	44,996,000
Jemar Hulegeb Industrial S. C.	30,000	500	15,000,000	7,000,000
Eth switch S. C.	11,370	1,000	<u>11,370,000</u>	<u>5,030,000</u>
			<u>84,637,100</u>	<u>65,877,700</u>

9. OTHER ASSETS

Acquired properties	26,206,889	33,020,215
Uncleared effect- local	30,455,216	100,776,177
Uncleared effect - foreign	40,251,609	58,564,713
Stationery stock	9,096,590	8,362,243
Other stock items	8,005,631	13,445,265
Prepaid rents	134,980,964	81,006,729
Withholding tax receivable	76,133	440,000
Other advances (9.1)	104,500,758	84,504,478
Cheque book and revenue stamps	1,574,697	733,794
Accrued interest	<u>50,739,454</u>	<u>42,687,491</u>
	405,887,941	423,541,105
Less: Provision for doubtful debts other than loans	<u>(5,869,558)</u>	<u>(5,869,558)</u>
	<u>400,018,383</u>	<u>417,671,547</u>



NIB INTERNATIONAL BANK SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

9.1 Other advances

Currency: Ethiopian Birr

2014

Other advances	46,255,878	11,776,916
Deposit for rent for branches under establishment	12,945,655	16,834,250
ATM inter-operability account	2,035,535	3,356,580
Automatic transfer system -suspense	14,614,008	26,405,299
Purchase advance	10,065,191	822,452
Advance payment- Computerized CORE banking system	16,852,923	17,613,205
China Railway Eng group	1,731,568	7,695,776
	104,500,758	84,504,478

10. TANGIBLE FIXED ASSETS

	Balance 1/7/2014	Additions	Disposal	Balance 30/6/2015
Cost				
Leasehold land	33,374,859	255,628	-	33,630,487
Fixed assets stock	8,578,198	23,922,928	-	32,501,126
Motor vehicles	85,482,295	460,364	-	85,942,659
Computer hardware and software	126,015,955	15,332,668	-	141,348,623
Office equipment	41,155,716	10,525,093	-	51,680,809
Furniture and fittings	46,693,250	13,603,486	-	60,296,736
User rights on lease	2,000,000	-	-	2,000,000
Buildings	21,532,394	435,930	-	21,968,324
	<u>364,832,667</u>	<u>64,536,097</u>	<u>-</u>	<u>429,368,764</u>
Accumulated depreciation				
Motor vehicles	42,428,058	8,702,920	-	51,130,979
Computer hardware and software	54,488,021	21,715,151	-	76,203,172
Office equipment	18,882,018	6,559,758	-	25,441,776
Furniture and fittings	23,609,951	7,337,358	-	30,947,309
User rights on lease	1,600,000	200,000	-	1,800,000
Buildings	4,833,567	1,098,416	-	5,931,983
	<u>145,841,615</u>	<u>45,613,603</u>	<u>-</u>	<u>191,455,218</u>
Net Book Value	218,991,052			237,913,546
Construction in Progress	<u>34,909,004</u>	<u>32,404,656</u>		<u>67,313,660</u>
	253,900,056			305,227,206



NIB INTERNATIONAL BANK SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

10.1 The Bank acquired 3,682.4 m² of leasehold land in Lideta Sub City from Addis Ababa City Administration for 55 years at a cost of Birr 12,695,207.35. The Bank paid Birr 4,133,924 in advance and agreed to pay the remaining Birr 8,561,282 within 30 years with annual lease payment of Birr 285,376 starting from September 10, 2008 E.C.

The Bank also acquired leasehold land of 1,980 m² for its Hawassa branch office building on 12 June 2013 for 70 years and Birr 1,108,800 was paid in advance. The Bank agreed to pay the remaining Birr 9,979,200 with annual rental of Birr 255,877 for 40 years commencing from 12 June 2014.

On 18 November 2013 the Bank acquired new leasehold land of 2,353 m² for its Dukem branch office building for 70 years at a cost of Birr 9,591,651 and paid Birr 3,836,660 in advance. The bank agreed to pay the remaining Birr 5,754,991 with an annual lease payment of Birr 574,499 for 10 years.

The Bank also acquired on November 5, 2001 E.C leasehold land of 688.64 m² for its Wolkite branch office building for 70 years at a cost of Birr 255,628 and Birr 76,688.64 was paid. The Bank agreed to pay the remaining Birr 178,940 with annual rental of Birr 2,510 for 70 years.

11. OTHER LIABILITIES

Currency: Ethiopian Birr
2014

Leasehold land payable	23,372,285	24,040,596
Guarantee deposit	7,174,556	10,656,768
Cash Payment Order issued	285,737,475	260,099,681
Cheques and Claims in-transit	21,362,310	33,846,484
Exchange Payable to NBE	17,613,427	11,134,576
Current accounts blocked	89,625,243	37,049,670
Accrued interest on fixed time deposit	60,900,436	39,253,857
Telegraphic transfers payable	8,710,535	13,788,611
Board of Directors allowance	600,000	600,000
Tax payables	9,000,012	10,560,835
Dividend Payable	20,158,309	5,465,271
Other accruals	23,180,155	16,520,273
Others (11.1)	486,870,437	55,576,515
	1,054,305,180	518,593,137



NIB INTERNATIONAL BANK SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

11.1 Others

Currency: Ethiopian Birr
2014

Customers loan deposit accounts	1,214,700	8,603,458
Retention re-construction work	2,085,674	498,683
ATM Inter-operability account	3,873,907	2,852,793
Money transfer payable	37,413,882	2,650,863
Rent payable	-	5,904,630
Over-collection on sale of acquired property	-	8,611,454
Export blocked account	-	3,360,375
Blocked account in relation to leasehold land	-	4,323,760
Correspondence account	408,374,930	-
Others	<u>33,907,344</u>	<u>18,770,499</u>
	<u>486,870,437</u>	<u>55,576,515</u>

12. SHARE CAPITAL

The authorized capital of Nib International Bank S.Co. is Birr 2 billion comprising 4,000,000 ordinary shares of Birr 500 each.

Subscribed	<u>1,300,000,000</u>	<u>1,201,027,500</u>
Paid-up	<u>1,265,202,500</u>	<u>1,201,027,500</u>

13. SPECIAL RESERVE

The bank has a special reserve of Birr 1,600,000 against fidelity risk in accordance with Article 21(7) of the Banking Business Proclamation No 592/2008.

14. RETAINED EARNING

Opening Balance	64,076,930	66,445,093
Less: Prior year adjustment in relation to tax payment for non-deductible expenses	-	(2,368,163)
	<u>64,076,930</u>	<u>64,076,930</u>
Add: Transfer of surplus for 2013/2014	<u>234,626,028</u>	<u>214,000,664</u>
	298,702,958	278,077,594
Less: Dividend paid	(187,700,823)	(214,000,664)
	<u>111,002,135</u>	<u>64,076,930</u>



NIB INTERNATIONAL BANK SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

15. INTEREST INCOME

Currency: Ethiopian Birr

2014

Loans and advances	789,785,420	614,502,441
Treasury Bills	-	2,073,020
Government Bond	97,046,649	67,796,353
Deposits with domestic banks	1,225,564	9,630,688
Interest on correspondence bank accounts	17,367	86,824
	888,075,000	694,089,326

16. COMMISSION INCOME

Telegraphic transfers and drafts	3,531,642	5,011,041
Certified Payment Orders	1,867,990	1,607,954
L/C opening confirmations and extensions	40,850,251	45,470,665
Letters of guarantee issued	15,254,515	21,515,344
Other commissions	3,270,339	8,493,109
	64,774,737	82,098,113

17. SERVICE INCOME

Service charges - foreign	148,453,519	164,982,828
Service charges - local	957,522	652,752
	149,411,041	165,635,580

18. GAIN ON FOREIGN CURRENCY TRANSACTION AND TRANSLATION

Gain in foreign currency dealings	799,204,845	191,888,045
Loss in foreign currency dealings	(725,419,628)	(118,177,372)
	73,785,217	73,710,673

19. DIVIDEND INCOME

Nib Insurance S. C.	3,069,368	2,374,349
Agar Micro finance S. C.	828,868	474,710
	3,898,236	2,849,059



NIB INTERNATIONAL BANK SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

20. OTHER INCOME

Currency: Ethiopian Birr

	2014	
L/C opening charges	19,897	2,715,878
Telecommunications	1,769,328	1,841,208
Estimation fees	859,059	480,258
Correspondent charges	1,457,174	443,262
Gain on sale of acquired property	5,226,253	-
Rent	740,097	533,071
Sundry income	<u>8,128,675</u>	<u>14,501,735</u>
	<u>18,200,483</u>	<u>20,515,412</u>

21. INTEREST EXPENSE

Saving Deposits	200,803,426	166,617,174
Time Deposits	96,843,126	60,554,933
Loan from NBE	<u>2,847,946</u>	<u>2,630,137</u>
	<u>300,494,498</u>	<u>229,802,244</u>

22. GENERAL AND ADMINISTRATIVE EXPENSES

Office rent	78,049,726	58,316,139
Advertising	11,190,129	4,862,704
Depreciation and amortization	45,613,602	47,214,255
Stationery and printing	9,114,267	10,898,149
Communications	10,365,277	8,455,355
Maintenance and repair	8,527,325	6,731,576
Insurance	7,854,132	8,356,698
Fuel	6,037,711	5,625,904
Bank charges	2,949,456	2,600,792
Consultancy	-	2,375,203
Membership fee	191,167	164,667
Perdiem and travel	2,499,301	2,313,523
Transportation	2,040,327	2,125,729
General assembly and meeting	4,147,956	1,383,004
Entertainment	7,120,249	3,116,453
Utility fees	1,619,960	1,326,398
Car and representation allowance	1,719,048	1,599,078
Property transfer fee	577,646	1,072,670



NIB INTERNATIONAL BANK SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Currency: Ethiopian Birr
2014

Meeting workshop and seminars	1,521,201	4,362,749
ATM transactions and card personalization	12,745,164	6,607,325
License fee	6,413,509	593,473
Swift expense	113,396	748,763
Correspondent charges	2,927,498	152,914
Others	7,576,848	5,016,688
	230,914,895	186,020,209

23. EMPLOYEE BENEFIT SCHEMES

The Bank has a provident fund scheme for all its permanent employees hired before July 2011, for which the Bank contributes 13% of basic salary, and employees contribute 7%. These contributions are held for each individual in saving accounts at the Bank. All employees hired after June 2011 are included in private pension scheme as per the Private Organization employees Pension Proclamation No. 715/2011 issued in June 2011. For those employees included in private pension contribution, the excess amount is deposited to the individual bank accounts.

All other employee benefits are in accordance with the Labor Proclamation No.377/2003 and Amendment No. 494/2006.

24. PROVISION FOR TAXATION

Profit (Loss) before tax		440,800,710	414,616,144
Add: Representation allowance in excess of 10%	23,400		30,362
Entertainment	7,120,249		3,116,453
General provision on debts	-		818,870
		7,143,649	3,965,685
Less: Interest on local deposits	1,225,564		9,630,688
Interest on foreign deposits	17,367		86,824
Interest on Treasury Bills	-		2,073,020
Dividend income taxed at source	3,898,236		2,849,059
Interest on NBE Bills	97,046,649		67,796,353
		(102,187,816)	(82,435,944)
Taxable profit		345,756,543	336,145,885
Profit tax at 30%		103,726,963	100,843,766
Tax on interest on foreign deposit at 5%		868	4,341
Provision for taxation		103,727,831	100,848,107



NIB INTERNATIONAL BANK SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

25. 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 work at an expected cost of Birr 66,598,132 excluding travel and accommodation costs, of which 75% will be covered by the Bank and 25% by the Insurance Company. No commitment of contract has yet been made for the erection of super structure of the building.

The Bank has signed an agreement with TIGAT Business Center S. C. for purchase of branch office building around Weha Lemat (Haile G/Selassie Road) for Birr 12,840,000. So far the Bank has paid Birr 7,704,000 and the remaining amount Birr 5,136,000 is expected to be paid in the next financial year.

The Bank has signed with Temenos an agreement for new banking software and hardware and as at 30 June 2015, the Bank implemented the T-24 CORE banking software and Birr 72,792,702 was capitalized in relation to modules implemented by the Bank. Birr 16,852,923 is still awaiting for implementation in relation to Mobile Banking and other related modules.

26. BOARD OF DIRECTORS' REMUNERATION

The Board of Directors remuneration was computed as per the directive issued by NBE in January 2011.

27. EARNINGS PER SHARE

Earnings per share for the year is calculated on the basis of average number of shares outstanding during the year.

28. COMPARATIVE FIGURES

Some comparative figures have been reclassified for better presentation.

29. CONTINGENT AND MEMORANDUM ITEMS

Currency: Ethiopian Birr
2014

1	Contingent liabilities		
	Guarantees issued to customers	<u>784,422,666</u>	<u>900,872,252</u>
2	Contingent assets		
	Interest on loans and advances under litigation	5,477,035	2,573,107
	Accrued interest income on NPL	65,409,926	46,252,275
		<u>70,886,961</u>	<u>48,825,682</u>
3	Unutilized overdraft balance	<u>940,712,932</u>	<u>419,297,641</u>



NIB INTERNATIONAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Currency: Ethiopian Birr
 2014

<p>4 Overdraft and loan facilities approved but not disbursed</p> <p>5 Commitments</p> <p style="padding-left: 20px;">Letters of credit</p> <p style="padding-left: 20px;">Less: Margin held</p> <p style="padding-left: 40px;">Inward bills for collection</p> <p style="padding-left: 40px;">Outward bills for collection</p> <p style="padding-left: 40px;">Memorandums on export letters of credit</p>	<p><u>1,308,325,751</u></p> <p>432,978,888</p> <p><u>146,671,513</u></p> <p>286,307,375</p> <p>116,190,038</p> <p><u>7,280,734</u></p> <p><u>(189,508,363)</u></p>	<p><u>781,193,840</u></p> <p>593,078,000</p> <p><u>240,191,819</u></p> <p>352,886,181</p> <p>145,817,019</p> <p><u>4,594,322</u></p> <p><u>(214,,214,911)</u></p>
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ADDIS ABABA BRANCHES			
No.	Branch Name	☎	🏠
1	Abakoran	011-126 60 52/64 011-126 60 66	011-126 60 40
2	Abinet	011-277 00 73/75	011-277 94 91
3	Adarash	011-275 85 75	011-277 02 75
4	Addis Ketema	011-277 39 41	011-277 39 44
5	Addisu Gebeya	011-127 02 40 011-127 01 20	011-127 01 25
6	Africa Avenue	011-661 09 86 011-273 03 22	011-661 09 97
7	Alem Bank	011-369 45 17	011-369 45 13
8	Arada	011-157 41 86	011-157 41 87
9	Asko	011-273 04 03	012-73 04 15
10	Ayertena	011-369 34 10	011-369 34 18
11	Balcha Abanefso	011-554 80 05	011-554 80 04
12	Bethele	912-02 73 63 011-369 64 32 011-369 64 45/48	011-369 64 04
13	Bisrate Gabriel	011-320 35 34	011-320 35 50
14	Bole	011-663 33 19	011-663 33 34
15	Bole Eniredada	011-662 53 47	011-662 53 49
16	Bole Medh.	011-662 13 40	011-662 23 21
17	Bole Michael	011-639 21 51	011-639 21 17
18	Cathedral	011-156 96 73	011-156 96 74
19	CMC	0911-88 78 52 011-667 08 11 011-667 08 80	011-667 07 42
20	D'Afrique	011-515 03 15	011-515 04 56
21	Ehil Berenda	011-275 87 21	011-275 87 20
22	Goffa Mazonia	011-416 01 54	011-416 04 05
23	Gotera	011-466 46 34	011-466 46 89
24	Gotera lbex	011-470 26 59 911-69 44 20	011-470 09 49
25	Gurd Shola	911-62 74 86 0116-47 92 72	011-647 40 67
26	Habtegiorgis	011-156 49 76	011-156 49 88
27	Kality	011-439 10 86	011-439 53 26
28	Kality Menaharia	011-471 64 05/13	011-471 64 78
29	Kazanchis	011-558 64 14	011-558 52 65
30	Kirkos	011-470 31 91 011-470 31 98 911-67 06 71	011-470 32 39
31	Kolfe Efoyita	011-274 93 86 011- 280 40 35	011-279 52 72
32	Kolfe	011-273 80 57	011-273 80 59
33	Kotebe	011-645 12 97	011-645 13 07
34	Lamberet	011-667 53 57	011-667 53 11
35	Lebu	011-896 36 30	011-896 36 34
36	Legehar	911-66 64 59 011-554 78 97 011-554 53 48	011-554 62 85
37	Main	011-551 75 61	011-551 75 69
38	Mamokacha	011-552 01 63	011-552 01 62
39	Mehal Merkato	011-278 53 29	011-278 53 38
40	Merkato Mirabe	011-273 23 53/57 911-16 05 00	011-273 22 95
41	Megenagna	011-667 38 23	011-667 38 27
42	Nefas Silk	011-442 56 95	011-442 56 96
43	Peacock	011-557 22 17	011-557 22 36
44	Rufael	911-60 49 85 011-259 19 74 0 11-259 19 32	011-259 20 75
45	Raguel	011-213 94 00	011-278 91 00
46	Ras	011-553 68 21/22 911-54 77 74 011-470 77 25	011-553 68 20
47	Saris	011-470 77 25	011-470 77 73
48	Sefere Selam	011-213 91 89	011-278 15 89
49	Shola	011-662 26 93/94	011-662 26 95
50	Tana	011-276 53 51	011-276 53 50
51	Tatari	011-213 00 56	011-213 00 82
52	T/Haimanot	011-277 92 99	011-277 26 06

53	TewodrosAdebabay	011-111 86 43	011-111 08 20
54	Tigat	011-515 67 04	011-515 06 38
55	Tiret	011-277 80 11	011-213 29 88
56	Tor Hailoch	011-320 43 55	011-371 30 50
57	Urael	011-515 03 01	011-553 87 88
58	Wollo Sefer	011-552 92 53	011-552 98 56
59	Yerer Ber	011-277 80 11	011-647 95 11
FOREIGN EXCHANGE BUREAUS (ADDIS ABABA)			
60	Bole Michael	011-55175 54	011-550 43 39
61	Head Office (IBD)	011-551 75 54	011-550 43 39
62	Megenagna Shoa	-----	-----
63	Saro Maria	011-667 27 93	-----
DIRE DAWA CITY			
64	Dire Dawa	025-112 34 95	025-112 34 92
SOUTHERN NATIONS, NATIONALITIES & PEOPLES REGION			
65	Arba Minch	046-881 20 12	046-881 41 74
66	Butajira	046-115 07 52	046-115 14 61
67	Dilla	046-331 43 31	046-331 39 25
68	Dilla Edget	046-331 01 13	046-331 01 02
69	Emdibir	011-331 03 33	011-331 03 17
70	Hadero	046-432 01 00	046-432 02 41
71	Hawassa	046-220 71 78	046-220 71 81
72	Hossana	046-555 03 71	046-554 44 44
73	Hossana Menaharia	046-555 24 21	046-555 29 73
74	Warka	046-212 00 12	046-212 00 05
75	Werabe	046-771 03 11	046-771 03 27
76	Wolaita Sodo	046-180 00 20	046-180 06 00
77	Wolkite	011-330 25 41	011-330 25 44
78	Yejoka	911-10 85 23 011-365 80 31	011-365 80 32
79	Yirgachefe	046-332 05 69	046-332 00 90
80	Zebidar	046-115 09 06	046-115 01 30
OROMIA REGION			
81	Adama	022-112 48 44	022-112 51 88
82	Alem Gena	011-387 05 53	011-387 04 08
83	Aweday	025-662 01 54	025-662 04 62
84	Assela	022-238 0015	022-238 00 24
85	Bishoftu	011-433 75 27	011-433 05 54
86	Dukem	011-432 06 52	011-432 06 53
87	Furi	011-367 91 21/23 011-367 90 75	011-367 91 31
88	Jimma	047-112 12 34	047-112 12 32
89	Mehal Arada-Adama	022-111 85 54	022-111 85 52
90	Nekemet	057-661 32 11	057-661 31 66
91	Oda	046-211 00 35	046-211-00 44
92	Sebeta	011-338 00 55	011-338 02 08
93	Shashemene	046-110 26 23	046-110 42 89
94	Woliso	011-341 34 25	011-341 32 80
SOMALI REGION			
95	Awebere	025-777 00 37	025-777 00 36
96	Jijiga	025-775 60 72	025 278 00 33
97	Togochale	025-882 01 27	025-882 01 29
HARARI REGION			
98	Harar	025-667 07 30	025-667 10 76
AMHARA REGION			
99	Bahir Dar	058-226 62 41	058-226 62 44
100	Debre Birhan	011-681 27 01	011-681 23 83
101	Dessie	033-112 51 10	033-112 51 09
102	Gonder	058-112 18 91	058-112 17 97
103	Gonder Maraki	918-76 93 59 058-211 50 61	058-211 50 44
104	Metema Yohannes	058-231 08 07	058-231 08 11
GAMBELLA REGION			
105	Gambella	047-551 03 09	047-551 07 91
TIGRAY REGION			
106	Humera	034-448 09 39	034-448 04 25
107	Mekele	034-440 93 00	034-441 10 95
108	Mesobo	034-240 51 31	034-240 51 85
109	Shire	034-444 34 20	034-444 34 25

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