ንብ ኢንተርናሽናል ባንክ
Nib International Bank

20th Anniversary
1999-2019

Annual Report

JULY 2018 - JUNE 2019

Designed & Printed by Central Printing Press
Tel. +251-11-466 5781/82

CONTENTS

Corporate Statements

Vision

"To be an icon of service excellence and a leading commercial bank in Ethiopia"

Mission

"To provide customer focused and innovative banking services through motivated staff and state of the art technology"

Values

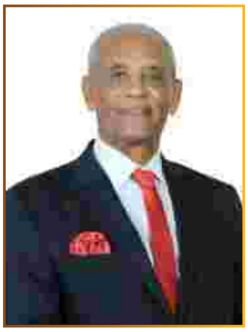
The core values that will drive the behavior of NIB staff are:

- **T**ransparent
- **A**ccessible
- **T**eamwork
- **A**ccountable
- **R**esults oriented
- **I**nnovative

ይሠሯል ከልብ፣
እንደ ንብ!
Committed to Service Excellence!

Board of Directors

Ato Woldetensai Woldegiorgis
Chairman



Ato Alemu Denekew
Deputy Chairman

Ato Kifle Yirga
Director

Ato Kifle Borga
Director

W/ro Mebrat W/Tensaie
Director

Ato Mulugeta Asfaw
Director

Ato Mulugeta Woldemichael
Director

Ato Abreham Mersha
Director
(Representing Nib Insurance)

Eng. Desalegn Denbu
Director

Ato Seifu Awash
Director

Ato Tamiru Mane
Director

Ato Teshome Shenkutie
Director

Ato Anteneh Kassa
Executive Assistant to the Board of Directors

THE BOARD CHAIRMAN'S MESSAGE

On the eve of celebrating the Bank's 20th anniversary, it is indeed an honor and a privilege for the Board to present the Annual Report for the financial year concluded June 30, 2019; along with the Audited Financial Statements to its esteemed shareholders.

As a well-diversified business underpinned by historically stable revenue generation and significant capital strength, NIB has registered a landmark profit of close to Birr 1 Billion. The registered result would not have been possible without the relentless effort and hard work of NIB's team. The Board has been and is still doing a lot to ensure that the Bank's growth is sustainable and will continue to prosper for the years to come.

The Board is focused on sustaining resilience by enhancing service excellence and performance. The Board will further ensure the implementation of the 3rd 5-year strategic plan to deliver value to all of our stakeholders within a governance framework that provides stability, prudence and effective oversight.

The Board is confident that the focus on our strategy with respect to customer-centricity and digital transformation is right, indeed essential and has taken into account the current global and national trends. A crucial evolution for our business this year has been identifying, adopting and embedding a clear sense of purpose, to shape the Bank where employees and the management thrive for excellence. Along with our values, this underpins everything we do and will ensure all our people can undertake their work with pride and a stronger sense of ethics and fairness.

To ensure same, the Board has taken action to fast-track fundamental changes ensuring sustainable and profitable growth through excellence in operations, technology and ultimately customer experience. The Board also believes that having an engaged and motivated workforce and a sound governance and risk management are pivotal to attain the sustainable profit and growth the Bank aspires for. In light of the above, the Board approved and implemented a new organizational structure that made us create additional two Vice Presidents along with a new salary scale as part of executing the Bank's 3rd Strategic Plan and 10-year roadmap.

The Board was also able to develop and approve various policies with a focus on successfully implementing the aforementioned change initiatives.

As part of implementing the 3rd five-year strategic plan, the Bank also conducted various experience sharing engagements on the adoption of the Balanced Scorecard (BSC) which is a very popular strategic management tool. This is a tool that concentrates not only on financial aspect (i.e. maximizing profits) but also takes into consideration three other major areas which are setting customer need priorities, internal processes and learning & growth endeavors.

The Board believes that the adoption of BSC is core to the effective and efficient execution of the 3rd five-year strategic plan and implementation of same will continue.

It is important not just to achieve good results, but to do so in a way that treats all of our stakeholders - regulators, shareholders, customers, and employees - in a fair and transparent way. We are committed to hold ourselves to account in meeting that aim, and to being accountable to our stakeholders for our actions. As part of this commitment, the Board and the Senior Management are determined to ensure that NIB remains a place where all our people have the opportunity to fulfill their potential in a nurturing environment that encourages the right behavior. Our stakeholders expect honesty and integrity and we will continue to promote a culture in which people do the right thing.

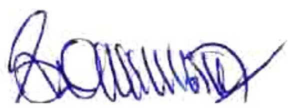
The various investment activities that the Bank has engaged itself are also a clear indication of the Board's determination and effort exerted in prudently managing and sustainably growing the Bank's asset.

The ongoing construction projects are evidences that the Bank is making the required investments to build a bank worthy of the trust and respect of our customers, shareholders and the people it serves.

Finally, the significant achievements recorded by the Bank would not have been possible without the continued support and trust of our customers, the strategic leadership of the Board, the commitment of the management and the dedication of the Bank's staff. I on behalf of the Board of Directors would also like to extend my heartfelt appreciation to the National Bank of Ethiopia and all stakeholders.

Having wished you all Happy 20th anniversary, the Board would like to assure all stakeholders that the best years of the Bank have just begun and we will be witnessing more glorious days to come.

Woldetensai Woldegiorgis



Chairman, Board of Directors
December 2019

Management

Ato Genene Ruga
President

Ato Solomon Goshime
V/P Resources & Facilities

Ato Kedir Bedewi
V/P Customer & Channels

Ato Leulseged Negussie
V/P Strategy & Transformation

Ato Seifu Agenda
V/P Banking Operations

Ato Assefa Jezza
Director, Human Resource Managment Dep't

Ato Beyene Alemu
Director, Legal Service Dep't

Wro Eden Haddis
Director, Treasury & Fund Management Dep't

Ato Melkamu Solomon
Director, Internal Audit Dep't

Ato Menkir Hailu
Director, Corporate Banking Dep't

Ato Mulugeta Dilnesaw
Director, Facility & Maintenance Managment Dep't

Ato Shiferaw Argaw
Director, Retail & SME Banking Dep't

Ato Abdulkadir Wolela
Director, Electronic Channels Dep't

Ato Abreham Tesfaye
Director, Projects & Transformation Dep't

Ato Alemu Semaye
Director, Credit Appraisal Dep't

Management

Ato Amine Tadesse
Director,Trade Finance Dep't

Ato Eristu Kemal
Director, Interest Free Banking Dep't

Ato Getachew Tadesse
Director ,Marketing & Business Development Dep't

Ato Hailu Girma
Director, Infrastructure & IT Support Dep't

Ato Michael Adbib
Director, Planning & Monitoring Dep't

Ato Selam Dirshaye
Director, Finance & Accounts Dep't

Ato Sirak Yifru
Director, Risk & Compliance Management Dep't

Ato Tewodros Haile
Director, Learning & Development Dep't

Ato Wondayehu Tesfaye
Director, Supply Chain & Property Management Dep't

Ato Addisu Nigatu
A/Director, Business Systems Dep't

Ato Lemma Hailemichael
Assistant to V/P Customer & Channels

Ato Osman Ali
Executive Assistant to the President

MESSAGE FROM THE PRESIDENT

It is with great pleasure that I would like to give a brief description on Nib International Bank's Annual Report for the year ended June 30, 2019, a period during which our Bank was able to see a historic record of remarkable achievement during the time of its 20th anniversary.

The operational performance of NIB in the financial year of 2018/19 was very encouraging. The Bank registered a gross profit of Birr 928.6 million; which is a record high profit the Bank has registered during its 20 years of successful banking service.

In addition, the Bank continued to expand its service outlets to increase its accessibility to the public and meet the various demands of its customers. In this effort, the Bank opened 46 new branches during the year that brought the total number of branches to 261 by June 30, 2019.

To fulfill the manpower requirement with respect to new branch openings and new positions in the head office, the Bank has created 910 new job opportunities during the year, bringing the total number of employees of the Bank to 4,972.

Furthermore, our various banking products including Interest Free Banking services and highly valued customer-focused services are growing steadily, backed by the deployment of ATM, POS, Internet Banking system and Mobile Banking solutions.

Alongside the product introductions, technology upgrade efforts and continued aggressive market expansion, the reporting period had been a year of capacity building as part of the development and implementation of the Bank's 3rd Strategic Plan. The extensive environmental assessments, strategy articulation and validation exercises have culminated in a 5-year strategy plan and 10-year implementation roadmap with aspirations and strategic interventions, which the Bank will be pursuing in the coming five years and beyond.

Thus, preparations are in full scale towards successful implementation of the strategy that sets a strategic aspiration for the Bank to become one of the leading private banks in the country.

Corresponding with the New Strategic Plan, a new organizational structure has been developed and implemented and placement of senior management and other middle management members finalized; with the staffing of all other positions already underway. In relation to this, branch re-grading has been done after making a thorough review at higher level on the study conducted in this regard. A new Salary Structure has also been put in place, with a benefit scheme being under review for subsequent implementation. The formulation and review of policy & procedure documents has been undertaken during the year.

The 2018/19 budget year was also a year of success with regards to physical asset building, particularly considering the efforts exerted in construction projects. One of the most remarkable achievements in this endeavor is the Bank's marvelous 4B+G+32 Storey headquarter's building project which will be considered as one of an icon for beautifying the city whose finishing tasks are underway.

The Bank's other building construction works are also well underway elsewhere, with an 11 & 9-storey twin-building being erected in Hawassa City, as well as an 8-storey building in Arat-Kilo area (Addis Ababa), and a 4-storey building in Hossa'ena town. Moreover, the Bank's 5-storey multi-purpose building in Dukem town and 4-storey building in Wolkite town have already been made functional, and revenues are being generated from them.

The Bank's achievements registered over the past budget year in a number of parameters, as cited above, were made possible because of the collaborative efforts exerted by all concerned bodies of the Bank.

On this opportune moment, I would like to express my heartfelt gratitude to the shareholders, the supervisory authority and, most of all, to our esteemed customers who have helped us achieve this solid performance. I am immensely grateful to the Board of Directors for their unrelenting engagement, guidance and support. My special appreciations also go to the Management and employees of the Bank for their hard work, enthusiastic team spirit, and dedicated commitment to bring about the commendable success and achievement we registered in this financial year.

I have full confidence that, with the concerted efforts of all employees, shareholders, business partners and other stakeholders, the results achieved this year will encourage us to exhibit a much better performance in the future.

Congratulations on the Bank's impressive performance during its 20th anniversary and thank you!

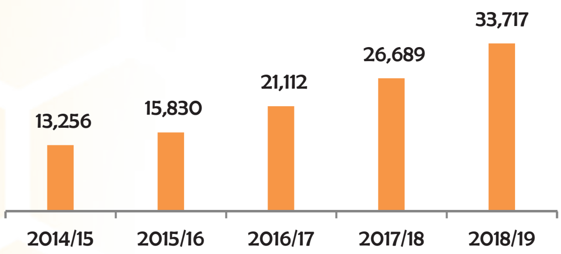
Genene Ruga

President
December 2019

HIGHLIGHTS OF THE LAST FIVE YEARS MAJOR OPERATIONAL PERFORMANCE

Total Asset

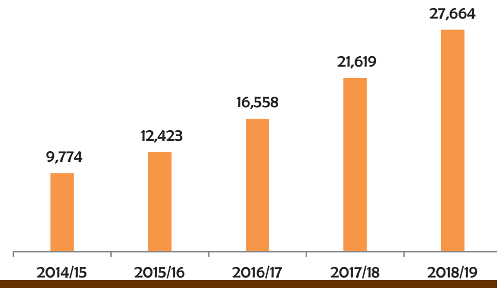
In Millions



% Growth	19%	33%	26%	26%

Total Deposit

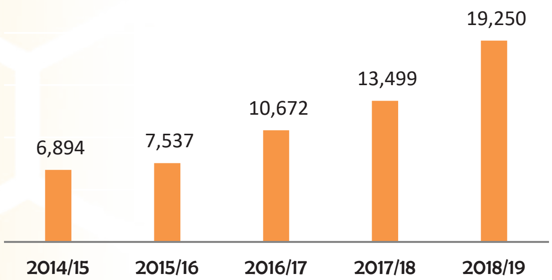
In Millions



% Growth	27%	33%	31%	28%

Loan & Advances

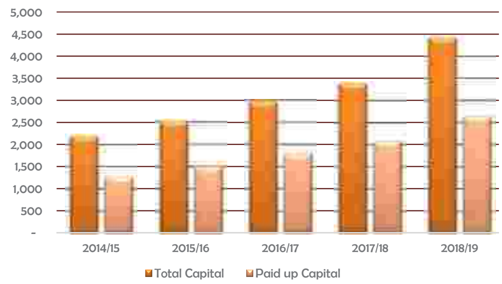
In Millions



% Growth	9%	42%	26%	43%

Total Capital & Paid Up Capital

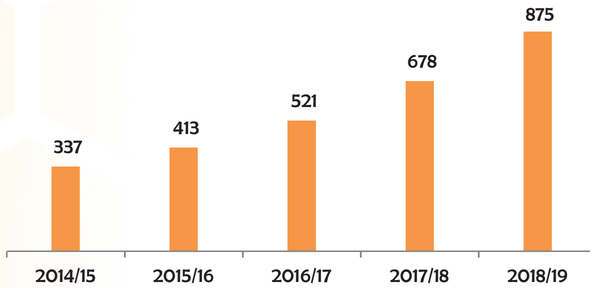
In Millions



% Growth	16%	18%	14%	30%
	19%	19%	16%	28%

Number of Depositors

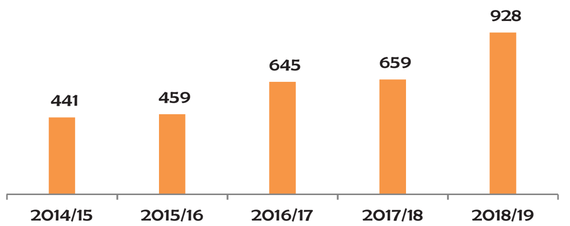
In Thousands



% Growth	23%	26%	30%	29%

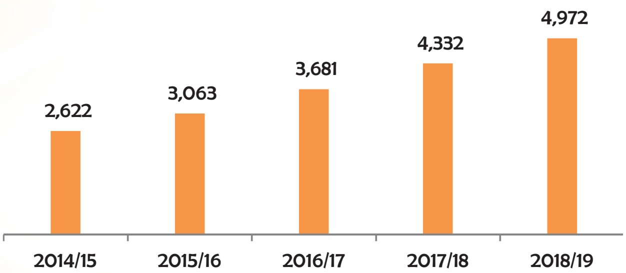
Profit Before Tax

In Millions



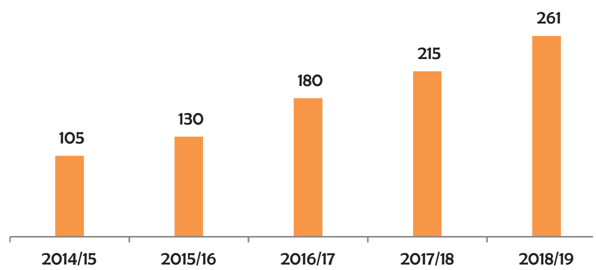
% Growth	4%	41%	2%	41%

Number of Staff



% Growth	17%	20%	18%	15%

Number of Branches



% Growth	24%	38%	19%	21%

DIRECTORS' REPORT

The Board of Directors of Nib International Bank would like to present the Bank's performance and financial report to the 20th Annual General Meeting of shareholders for the year ended 30th June 2019.

1. GENERAL ECONOMIC OUTLOOK

The global economic conditions have various implications on the existing business activities and future prospects of a given country. The status of the world economic condition is in a continuous fluctuation affecting the macro and micro-economic circumstances of each country.

Global growth, which peaked at close to 4% in 2017, softened to 3.6% in 2018, and is expected to decline further to 3.3% till the end of 2019. The escalation of US-China trade tensions, macroeconomic stress in Argentina and Turkey, disruptions to the auto sector in Germany, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies have all contributed to a significantly weakened global expansion in 2018[1].

The growth in Sub-Saharan Africa is projected to rise to 3.5% in 2019 and 3.7% in 2020 (from 3.0% in 2018). Despite the strong inflationary headwinds and relative internal civil instability facing the country, Ethiopia's economy is estimated to continue being dynamic and fast growing, registering projected real GDP growth of 8.2% in 2018/19, recovering from 7.7% in 2017/18. This fast growth is mainly attributed to the growth and expansion in industry and service sector and recovery in agricultural sector[2].

The foreign trade performance of the country has continued with an imbalance relationship between export and import. The export earnings of the country in the 2018/19 fiscal year amounted to USD 2.67 billion, which is 61% of the targeted USD 4.32 billion[3]. While Ethiopia's export income has been declining, the country's spending on imports has been growing, surpassing USD 17 billion. As a result of the growing trade deficit, Ethiopia has been facing an acute shortage of foreign currency to import even critical resources[4].

The Banking sector's re-opening to the participation of Ethiopians in the Diaspora is expected not only to provide the Ethiopian Diaspora with a chance to invest in the banking business, but also contribute to the transfer of knowledge and foreign resource to the financial/ banking sector.

A recent phenomenon in the banking industry is the introduction of the interest free banking which has played quite a significant role in the industry. However, pursuant to the issuance of directive by the National Bank of Ethiopia that allows banking operation under Sharia business principle, new full-fledged interest-free banking business has now come into existence. Thus, following the directive, three full-fledged interest free banks namely Zemzem, Zad and Hijra have officially issuing and selling shares in the market. These new entrants are expected to have their own impact on the interest free banking operation of existing Banks, mainly by sharing resources from existing banks performing these banking services.

[1] World Economic Outlook (WEO) April 2019
[2] African Economic Outlook April 2019
[3] Ministry of Trade and Industry
[4] Minister of Trade and Industry

2. FINANCIAL PERFORMANCE

The financial performance of the Bank during the financial year 2018/19 is briefly presented as follows.

2.1. FINANCIAL POSITION

2.1.1. ASSETS

The total asset of the Bank reached Birr 33.7 billion exceeding the balance of corresponding last year figure of Birr 26.7 billion by Birr 7.0 billion registering a growth rate of 26.3%.

These assets are composed of Loans & Advances; Liquid Asset (cash on hand, deposit with local and foreign banks and reserve account with NBE); NBE Bills Purchased; Property, Plant and Equipment; Investment in Properties; Investment in Local Shares and Intangible Assets. The detail illustration of assets is explained in the following table: -

TABLE 1: COMPARISON & COMPOSITION OF ASSETS (In '000)

	30/06/19		30/06/18		Growth	
Asset Type	**Amount**	**Share**	**Amount**	**Share**	**Absolute**	**%**
Cash and Bank balances	3,931,024.9	11.7%	3,884,986.0	14.6%	46,038.9	1.2%
Net Loans and Advances to Customers	19,250,470.9	57.1%	13,498,652.5	50.6%	5,751,818.5	42.6%
Investment in Securities:						
Fair value through other comprehensive income	122,680.4	0.4%	94,162.0	0.4%	28,518.4	30.3%
Amortized Cost (NBE Bills)	6,744,261.7	20.0%	6,135,822.1	23.0%	608,439.6	9.9%
Investment in Associates	49,377.5	0.1%	47,606.0	0.2%	1,771.5	3.7%
Other Assets	1,254,108.0	3.7%	1,046,713.2	3.9%	207,394.8	19.8%
Investment in Properties	23,407.6	0.1%	23,870.7	0.1%	(463.0)	-1.9%
Intangible Assets	21,205.0	0.1%	27,642.0	0.1%	(6,437.0)	-23.3%
Property, Plant and Equipment	2,320,890.5	6.9%	1,929,467.1	7.2%	391,423.4	20.3%
Deferred Tax Assets		0.0%	-	0.0%	-	
Total Assets	**33,717,426.7**	**100.0%**	**26,688,921.5**	**100.0%**	**7,028,505.2**	**26.3%**

INVESTMENTS

The transformation of shareholder's equity in to valuable asset is progressing well which is manifested through investing on different construction projects with a total cost of Birr 1.8 billion and participating in different investment opportunities through equity investment of Birr 149.9 million.

LOANS AND ADVANCES

At the close of 2018/19 financial year, the Bank's total outstanding loans & advances stood at Birr 19.4 billion, reflecting an increase of Birr 5.7 billion (41.9%) compared with the previous financial year balance of Birr 13.7 billion.

During the period under consideration, asset quality of the Bank was by far better than the previous year and is in compliance with the statutory requirement of National Bank of Ethiopia (NBE). The detail sectoral performance of loans and advances of the Bank is described in the following table.

TABLE 2: LOANS AND ADVANCES BY ECONOMIC SECTOR (In '000)

Type of Sector	30/06/19 Amount	30/06/19 Share	30/06/18 Amount	30/06/18 Share	Growth Absolute	Growth %age
Agriculture	133,514.7	0.7%	92,164.3	0.7%	41,350.3	44.9%
Manufacturing	3,810,892.9	19.6%	3,191,052.4	23.3%	619,840.5	19.4%
Domestic Trade and Service	3,854,823.1	19.8%	2,426,406.7	17.7%	1,428,416.4	58.9%
Transport and Communications	270,702.4	1.4%	203,690.8	1.5%	67,011.6	32.9%
Hotel and Tourism	2,327,672.9	12.0%	1,337,211.8	9.8%	990,461.1	74.1%
Export	2,781,756.9	14.3%	2,058,793.8	15.0%	722,963.1	35.1%
Import	2,590,608.7	13.3%	1,901,830.9	13.9%	688,777.8	36.2%
Building and Construction	3,316,982.9	17.1%	1,859,575.7	13.6%	1,457,407.1	78.4%
Mines, Power & Water	110,657.8	0.6%	43,392.9	0.3%	67,264.8	155.0%
Staff Loans and Advances	218,914.0	1.1%	550,081.4	4.0%	(331,167.5)	-60.2%
Personal Loans	23,928.5	0.1%	39,764.7	0.3%	(15,836.1)	-39.8%
Total Loans & Advances	**19,440,454.7**	**100.0%**	**13,703,965.5**	**100.0%**	**5,736,489.2**	**41.9%**
Less: Impairment Allowance	**(189,983.8)**		**(205,313.0)**		**15,329.2**	**-7.5%**
Net Loans and Advances	**19,250,470.9**		**13,498,652.5**		**5,751,818.5**	**42.6%**

The Bank is providing loans and advances for sectors which are believed to have tangible impact on the country's growth and development. The chart below shows comparison of sectorial share of the total loans and advances.

CHART 1: SECTORAL COMPARISON OF LOANS AND ADVANCES

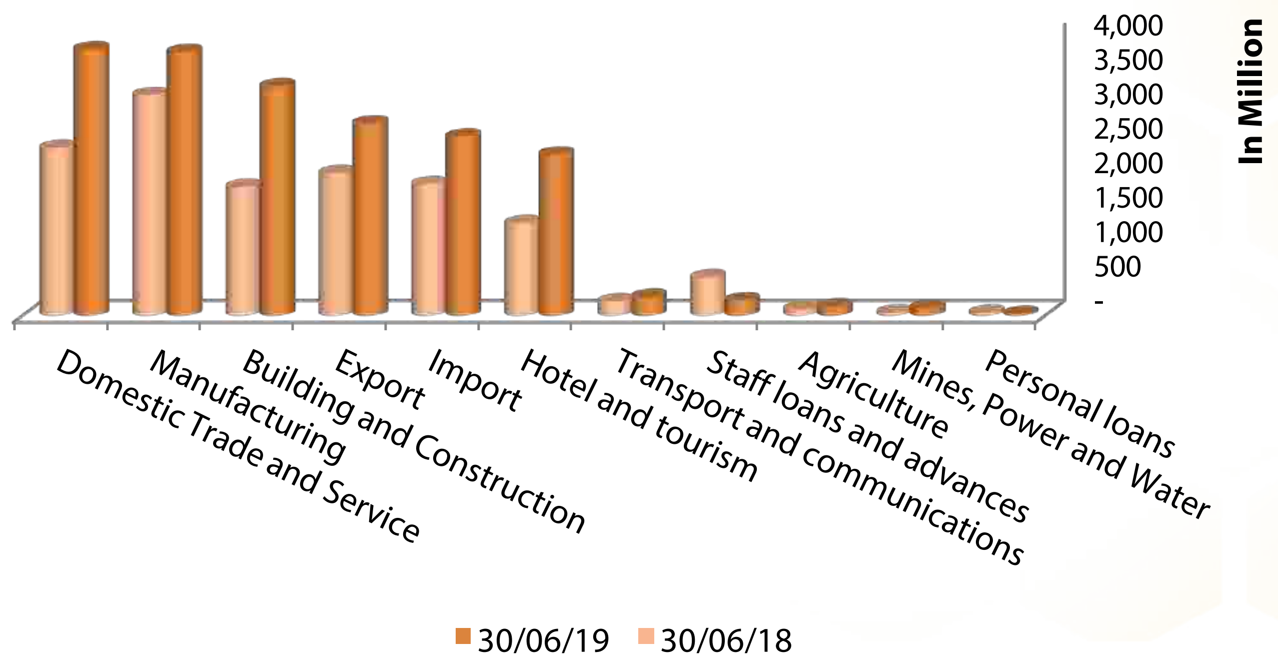
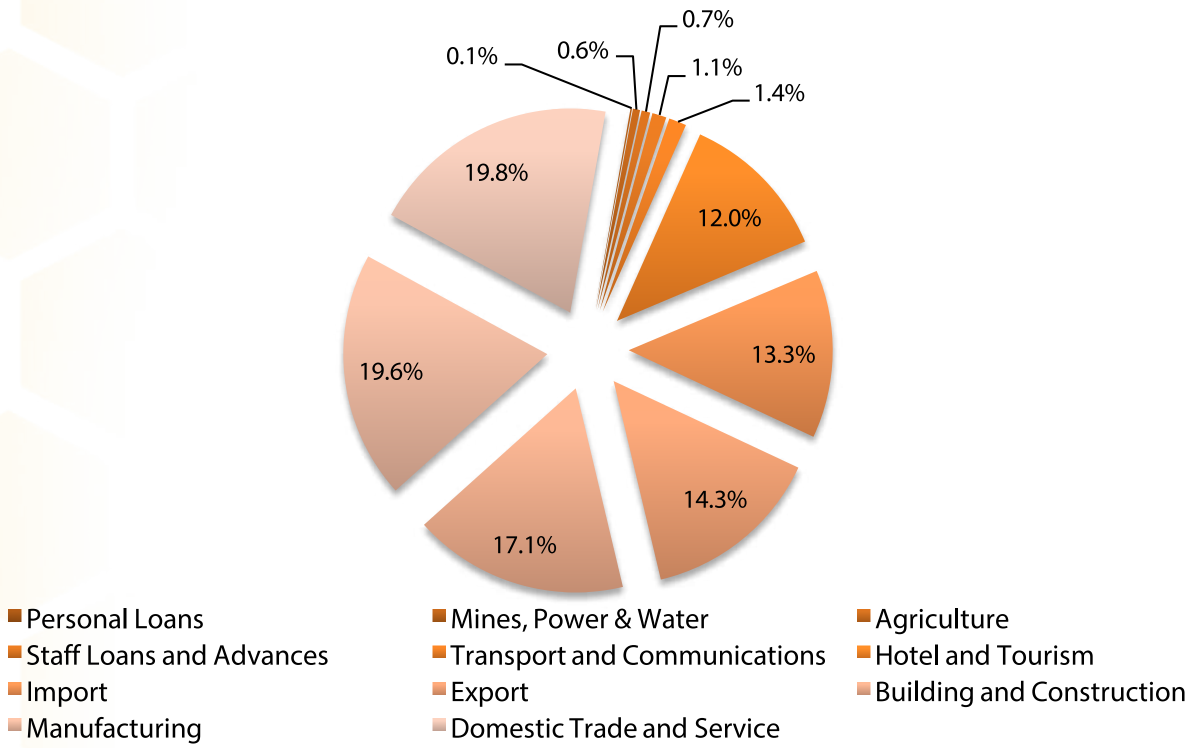


CHART 2: RELATIVE SECTORAL SHARE OF LOANS & ADVANCES



The total number of loan accounts has reached 13,136 registering an increase of 1,510 borrowers compared to previous year same period balance.

2.1.2. LIABILITIES

The Total liability of the Bank stood at Birr 29.3 billion registering a growth of Birr 6 billion (25.7%) compared to corresponding last year figure. Total deposits from customers constituted 94.4% of the total liability. The detail of liabilities is described in the following table;

TABLE 3: COMPARISON & COMPOSITION OF LIABILITIES (In '000)

Type of Liabilities	30/06/19 Amount	Share	30/06/18 Amount	Share	Growth Absolute	%
Deposits from Customers	27,663,709.8	94.4%	21,619,236.2	92.8%	6,044,473.5	28.0%
Borrowings	-	0.0%	203,681.8	0.9%	(203,681.8)	-100.0%
Current Tax Liabilities	210,702.5	0.7%	137,772.2	0.6%	72,930.3	52.9%
Other Liabilities	1,392,143.8	4.8%	1,318,828.0	5.7%	73,315.8	5.6%
Retirement Benefit Obligations	30,157.4	0.1%	20,581.0	0.1%	9,576.4	46.5%
Deferred Tax Liabilities	9,669.0	0.0%	8,422.5	0.0%	1,246.5	14.8%
Total Liabilities	**29,306,382.5**	**100.0%**	**23,308,521.7**	**100.0%**	**5,997,860.8**	**25.7%**

DEPOSITS

The total deposit mobilized by the Bank reached Birr 27.7 billion which shows an absolute growth of Birr 6 billion or 28% from the balance of Birr 21.6 billion registered in the previous year. This is a record-high achievement registered since the establishment of the Bank.

The number of deposit accounts of the Bank reached 875,417 from the level of 679,178 which was registered at June 2018 making an absolute growth of 196,239 (28.9%). This growth in customer is, in fact, a clear indication of the improvements made in customer service and the consequent growing confidence of the public in the Bank. The detail of deposits is presented in table and chart below.

TABLE 4: COMPARISON & COMPOSITION OF DEPOSITS (In '000)

	30/06/19		30/06/18		Growth	
Deposit Type	**Amount**	**Share**	**Amount**	**Share**	**Absolute**	**%**
Demand Deposit	5,387,166.8	19.5%	4,758,609.6	22.0%	628,557.2	13.2%
Savings Deposit	17,745,283.0	64.1%	13,005,414.3	60.2%	4,739,868.8	36.4%
Fixed Deposit	4,531,259.9	16.4%	3,855,212.4	17.8%	676,047.5	17.5%
Total Deposits	**27,663,709.8**	**100.0%**	**21,619,236.2**	**100%**	**6,044,473.5**	**28.0%**

As presented in table 4 the balance of interest-bearing deposits (Savings Deposit & Fixed time deposits) was Birr 22.3 billion that is 80.5% of the total deposit, which was 78.0% as at June 30, 2018. The remaining Birr 5.4 billion (19.5% of the total deposit) was mobilized in the form of non- interest-bearing deposits.

CHART 3: RELATIVE COMPOSITION OF DEPOSITS

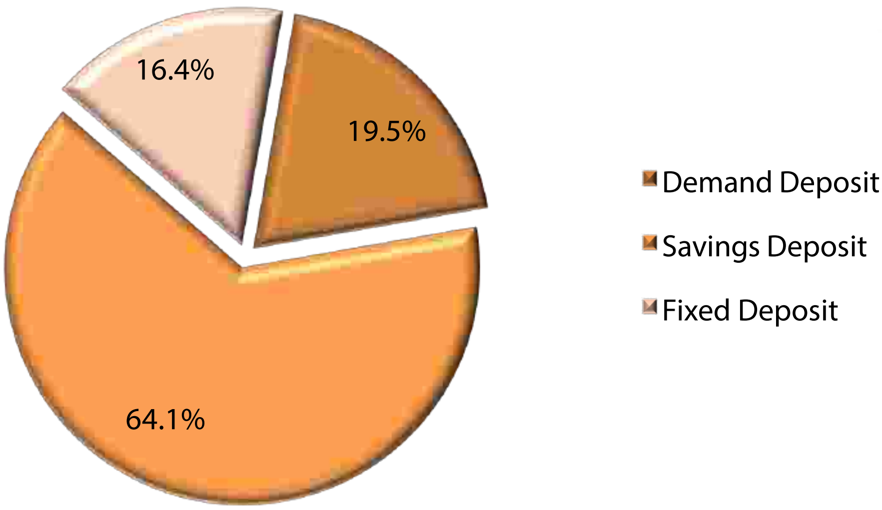
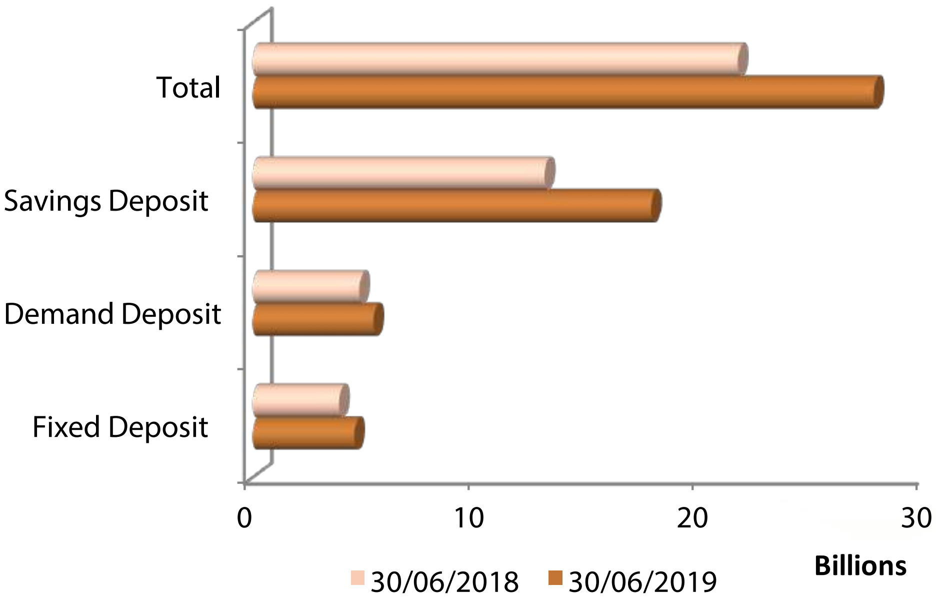


CHART 4: COMPARISON OF DEPOSITS



2.1.3. EQUITY

The Bank's total equity, which is composed of paid up capital, share premium, regulatory risk reserve, retained earnings, legal and special reserve reached Birr 4.4 billion exceeding the balance of last year same period by Birr 1.0 billion or 30.5% growth. The detail is presented below:-

TABLE 5: COMPARISON & COMPOSITION OF EQUITY (In '000)

	30/06/19		30/06/18		Growth	
Equity Items	**Amount**	**Share**	**Amount**	**Share**	**Absolute**	**%**
Share Capital	2,649,973.5	60.1%	2,076,218.5	61.4%	573,755.0	27.6%
Share Premium	-	0.0%	18,318.0	0.5%	(18,318.0)	-100.0%
Regulatory Risk Reserve	170,753.8	3.9%	56,339.5	1.7%	114,414.4	203.1%
Retained Earnings	490,311.3	11.1%	332,076.7	9.8%	158,234.6	47.7%
Legal Reserve	1,094,844.0	24.8%	895,547.6	26.5%	199,296.4	22.3%
Special Reserve	2,000.0	0.0%	1,900.0	0.1%	100.0	5.3%
Fair value reserve - Equity investment	3,163.4	0.1%	-	0.0%	3,163.4	
Total Equity	**4,411,046.1**	**100.0%**	**3,380,400.2**	**100.0%**	**1,030,645.8**	**30.5%**

2.2. STATEMENT OF PROFIT /LOSS & OTHER COMPREHENSIVE INCOME

2.2.1. INCOME

The Bank managed to generate a record total income of Birr 3.3 billion during the financial year, registering a growth of Birr 856.6 million (34.5%) when compared to the total income realized in the preceding year. This signifies that the Bank's volume of income and its income generation capacity is growing at a higher rate. The detail composition of income is depicted in the following table.

TABLE 6: COMPARISON & COMPOSITION OF INCOME (In'000')

	30/06/19		30/06/18		Growth	
Income Items	**Amount**	**Share**	**Amount**	**Share**	**Absolute**	**%**
Interest Income	2,858,493.3	85.6%	2,072,786.4	83.4%	785,706.9	37.9%
Fee and Commission Income	415,243.0	12.4%	323,224.9	13.0%	92,018.1	28.5%
Other Operating Income	67,136.7	2.0%	88,291.9	3.6%	-21,155.2	-24.0%
Total	**3,340,873.0**	**100.0%**	**2,484,303.2**	**100.0%**	**856,569.8**	**34.5%**

CHART 5: COMPOSITION OF INCOME SOURCES

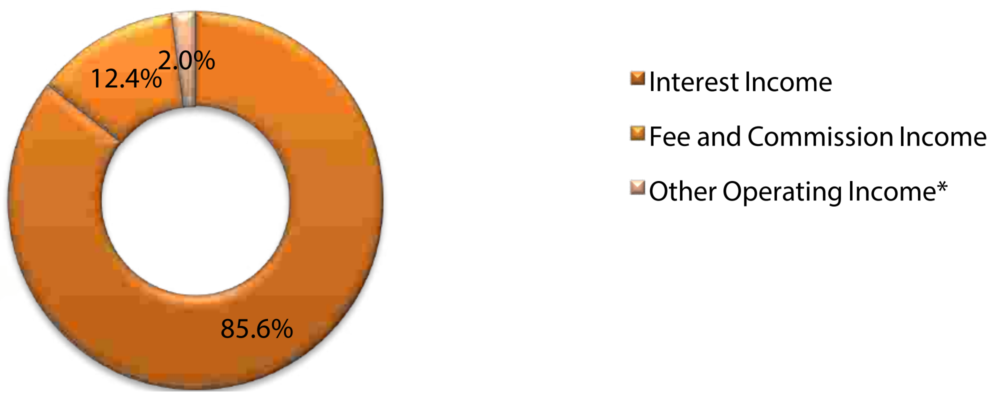
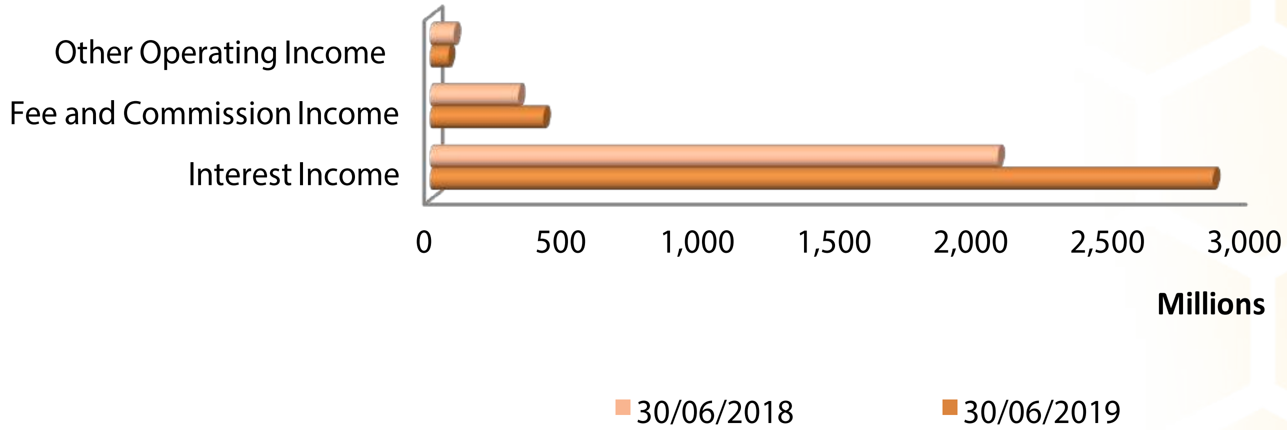


CHART 6: COMPARISON OF INCOME SOURCES



Out of the gross income of Birr 3.3 billion generated during the period under review, the total income generated from Foreign Banking activities was Birr 365.6 million (11.0%) of the total income. The amount has grown by Birr 30.1 million (9.0%) from last year same period.

2.2.2. EXPENSES

The total expense of the Bank during the financial period under review reached Birr 2.4 billion which is higher by Birr 586.8 million (32.1%) compared to last year same period. These expenses are incurred on interest expense, personnel expense, loan impairment charge as well as other operating expenses and others.

TABLE 7: COMPARISON & COMPOSITION OF EXPENSES (In'000')

	30/06/19		30/06/18		Growth	
Expense Items	**Amount**	**Share**	**Amount**	**Share**	**Absolute**	**%**
Interest Expense	1,215,379.5	50.4%	875,704.6	48%	339,675	38.8%
Loan Impairment Charge	66,755.3	2.8%	46,110.0	3%	20,645	44.8%
Personnel Expenses	702,930.1	29.1%	554,132.9	30%	148,797	26.9%
Other Operating Expenses	343,552.3	14.2%	285,165.2	16%	58,387	20.5%
Others	83,818.4	3.5%	64,440.0	4%	19,378	30.1%
Total Expenses	**2,412,435.6**	**100.0%**	**1,825,552.7**	**100%**	**586,883**	**32.1%**

The increase in interest expense is mainly attributed to the increase in the level of deposit and the rise in interest rate on fixed time deposits. The rise in personnel expenses is mainly due to the recruitment of additional employees and salary increment made for existing employees. The composition of each expense item is shown hereunder.

CHART 7: COMPOSITION OF EXPENSES

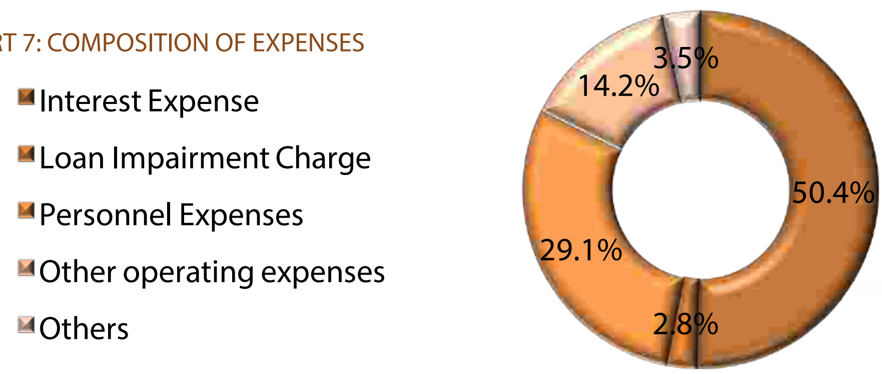
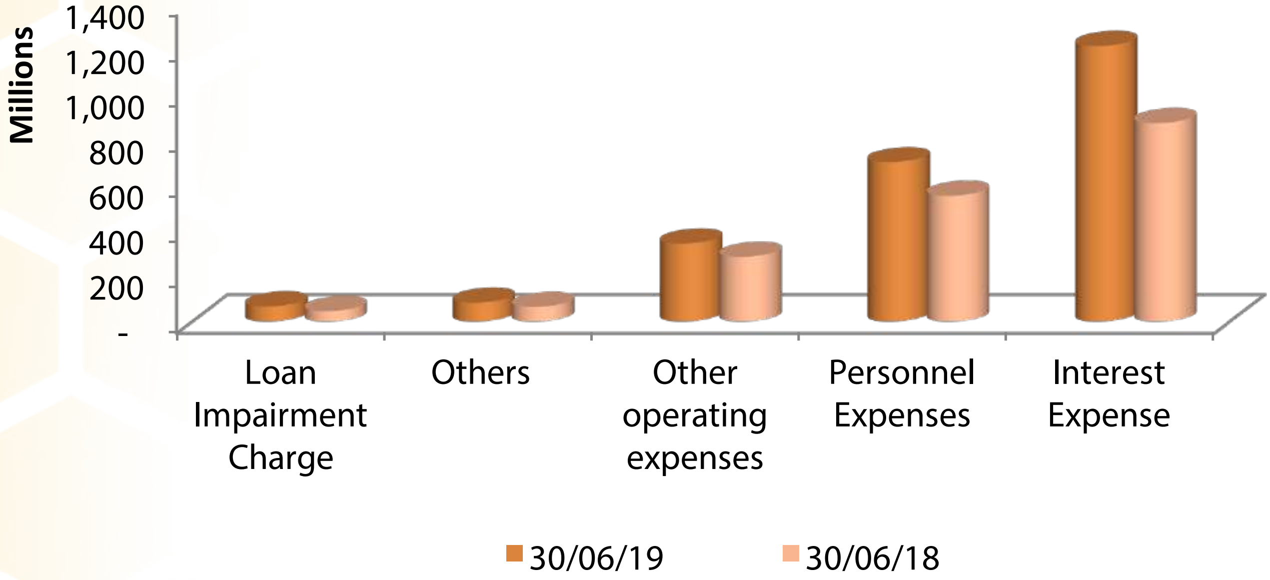


CHART 8: COMPARISON OF EXPENSES



2.2.3. PROFIT

The Bank's profits before and after tax for the financial year were Birr 928.4 million and Birr 720.7 million, respectively. The gross profit showed an increase of Birr 269.7 million which grew by 40.9% when compared to Birr 658.7 million registered in the preceding financial year. Similarly, the net profit of the Bank has increased by Birr 205.9 million (40.0%) from last year's balance.

2.3. 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 3.1% in the financial year which is higher compared to last year same period of 2.8% showing the Bank's growing efficiency of using its assets for income generation activities.

On the other hand, during the financial year, return on paid up capital (Earning Per Share) expressed as the ratio of net profit after tax to average paid-up capital stood at 30.8%. The percentage for last year same period was 26.8%. This also indicates that the Bank is enhancing its capability of generating high return on shareholders paid up capital as compared to the previous periods.

3. BUSINESS DEVELOPMENT & OTHER MAJOR ACTIVITIES

- During the reporting period, a number of strategic and core activities that were critical for the growth and development of the Bank were performed. Some of these major activities are the following:

- To cope up with the changing environment and align with the growing volume of operations, the Bank has completed the development of five-year Strategic Plan and 10-year road map as well as corresponding organizational structure. The Bank has finalized and started implementing the strategy in line with the new organizational structure; which is developed by the internationally renowned consultant - KPMG.

- In order to create awareness to the staff of the Bank, the Strategic Plan and corresponding changes have been communicated through various sessions;

- Various policies were developed and approved in line with the new 5-Year Strategic Plan;

- To ensure that the Bank's construction projects are going well as per the schedule, close follow-up and monitoring activities were undertaken;

- To achieve the targets set in the new strategic plan of the Bank, various changes were undergone in the working culture of employees to make them exhibit excellence on their performance;

- To establish efficient and effective performance management system; the Bank has embarked on the development of Balanced Score Card (BSC). To share best experiences in BSC, companies were identified and a brief exposure visits were made;

- To meet changing demand and provide customer focused banking services, various new and modified products have been innovated and issued to customers and went live. In this respect, the Bank has introduced NIB Halal Card, which is a new type of debit card to Interest Free Banking customers.

4. HUMAN RESOURCE

At the close of the financial year, the staff strength of the Bank has reached 4,972, registering a growth of 14.8% from the preceding year similar period. The Bank has created job opportunity for the country's working force by recruiting 910 additional employees, of which 446 are professional and clerical staff and the remaining 468 were non-clerical. During the same period, 270 employees left the Bank due to various reasons. In order to have a motivated and engaged workforce necessary for achieving its five year strategic plan, the Bank has revised its salary scale and made various appointments, promotions and upgrading of its employees.

Human resource development is one of the primary concerns of the Bank. To this end, during the period under consideration, 70 in-house and external training programs including overseas training were conducted to cope with the ever changing business environment as well as to provide efficient banking services to customers. Besides, the Bank has covered tuition fees for 531 employees who have been attending at different higher education institutions to improve their capabilities.

5. RISK & COMPLIANCE MANAGEMENT

To avert and minimize risks, the Bank regularly identifies, measures, monitors and reports major risks and compliance related issues such as Anti-Money Laundering and Combating of Terrorist Financing (AML/CFT).

The main risks; which include credit, operational, liquidity and market (i.e. interest rate & foreign exchange) risks are managed carefully with the overall objectives of maintaining financial soundness and avoiding activities that adversely affect the Bank's operation.

Preparation is also well underway to implement the modern risk management practice at the Bank following the three lines of defense model that involves front line employees, risk management department and internal audit department.

6. INFORMATION TECHNOLOGY

Technology has a major impact on the way banking and financial services are delivered. So far, NIB has taken different moves, in order to enhance the application of modern banking and provide competitive services by employing state of the art technology.

Currently the Bank is using a world class Core Banking Solution for its financial operations. Moreover, to cope-up with the future demand and stiffer competition, the Bank is working on upgrading the Core Banking System to the very latest version.

As part of enhancing the service provision on the Bank's ATMs and PoS, the dispute management process is made to be decentralized with a new application and procedure development. As a result, the performance of ATM and PoS, which are the Bank's alternative service delivery channels, are progressing well.

To upgrade and improve performance, data center network connectivity is assessed and activities are well under way to build a Tier 3 data center. To increase branch network connectivity uptime, upgrading branches backup network connection from 3G networks to 4G networks is successfully completed. Moreover, the Bank's SWIFT application is upgraded to the latest version.

7. BRANCH NETWORK & ALTERNATIVE CHANNELS

During the financial year under review, the Bank expanded its branch network at various parts of the country. Accordingly, forty-six (46) new branches were opened during the period. Out of which; 19 branches were opened in different parts of Addis Ababa and the remaining 27 branches were opened in the regional towns making the total number of branches to reach 261 as the close of the financial year.

Along with expanding branch network, the Bank is also expediting the effort of providing service through alternative and wide range of channels. In this regard, the Bank is delivering card banking service through ATMs and Point of Sale (POS) deployed at different locations. These ATM machines and POS terminals are deployed in different branches, hotels and various business centers and the Bank's overall number of ATMs and POS terminals reached 170 and 314 respectively.

During the financial period, the Bank has distributed a total of 53,086 new ATM Cards to its customers raising the total number of ATM card holders to 196,540 which constitutes 28.9% the Bank's customers. Moreover, Mobile and Internet Banking service alternatives are also strengthened and continued as means of reaching the customer.

8. INTEREST FREE BANKING

With respect to interest free banking, the Bank is providing the service at all its branches and has got encouraging results in terms of number of customers and deposits.

In the financial year 2018/19, the total deposits mobilized through interest free banking service reached Birr 1.4 billion up by Birr 661.4 million (92.1%) compared with the previous year balance. The total number of Interest free deposit account holders also reached 65,296 increased by 93.6% as compared to last year same period of 33,728. Moreover, all the necessary preparations are finalized to establish an independent Sharia Advisory Council.

9. CONSTRUCTION PROJECTS

The Bank's Board and Management exerted a concerted effort during the budget year to make sure that the Bank's construction projects are progressing well as scheduled. Finishing works have already started for the beautifully crafted 4B+G+32 storey Head Office Building and it is possible to witness that it has already become a landmark at the heart of Addis Ababa. It is also expected that the construction work will be concluded in time as per schedule.

The 4-storey building at Hossa'ena is already completed while the Building at 4 kilo (Addis Ababa) is expected to be fully completed and operational very shortly. Buildings at Dukem and Wolkitie are already made operational; while the Hawassa twin tower building is also another project that is being undertaken by the Bank which is expected to be finalized within six months and boost the image and presence of the Bank in regional towns and cities.

10. CORPORATE SOCIAL RESPONSIBILITY

In order for the Bank to achieve its goals and remain competitive, it needs the support and cooperation of the Government, the society at large and different organizations. But these supports and cooperation entail social responsibilities that need to be addressed by the Bank.

Therefore, during the financial period, the Bank has carried out different social responsibilities and donated a total of Birr 16.7 million in support of different national missions and needy social groups.

11. FUTURE PLANS

- In an effort to keep the momentum of growth in the coming year, our priorities for the budget year 2019/20, based on our strategic aspirations includes the following:

- The Bank will intensively continue to exert maximum effort for the successful implementation of the strategic plan initiatives;

- Close follow up and support will be given to the successful completion of construction projects in the coming periods;

- To improve service quality and image building, upgrading process of Core Banking System, building Tier 3 data center and opening up of more branches will be among the most prioritized issues to be executed in the 2019/20 financial year;

- To establish efficient and effective performance management system; the Bank will embark on the implementation of Balanced Score Card (BSC) approach; which considers additional three perspectives (Customer, Internal Process and Learning/ Growth) other than the financial one;

- We believe delivering on each of these priorities is key to the continuous success in our journey towards building sustainable business growth in our Bank.

12. VOTE OF THANKS

The Board of Directors would like to recognize the vital roles played by various stakeholders for the success of the Bank during the financial year 2018/19. In this regard, the Board would like to express its appreciation to the National Bank of Ethiopia for its support; the management and the entire staff of NIB for their professionalism, diligence, commitment and dedication; and the esteemed customers of the Bank for their patronage and loyalty. Last but not least, the Board expresses its special gratitude to the Bank's shareholders for their strong support and understanding, which they consistently demonstrated during the reporting year.

Woldetensai Woldegiorgis

Chairman, Board of Directors
December 2019

Photo Gallery

BOARD OF DIRECTORS TRAINING IN SESSION

MANAGEMENT MEETING IN SESSION

VOLUNTARY ENGAGEMENT ON CITY GOVERNMENT ADDIS ABABA OFFICE OF THE MAYOR

BEST PERFORMING BRANCHES AWARD CEREMONY

RECOGNITIONAL AWARDS

LOTTO AWARDS

FINANCED PROJECTS

NIB ARAT KILO BUILDING

NIB HAWASSA BUILDING

NIB HOSSA'ENA BUILDING

NIB HEAD QUARTER

Auditors' Report

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
CONTENTS

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
DIRECTORS, PROFESSIONAL ADVISOR AND REGISTERED OFFICE

Directors *(As of 30 June, 2019)*

		Appointment date
Ato Woldetensai Woldegiorgis	Chairman	*5, June 2018*
Ato Alemu Denekew	Vice Chairman	*5, June 2018*
Wro Mebrat W/Tensaie	Director	*5, June 2018*
Ato Kifle Yirga	Director	*5, June 2018*
Ato Mulugeta W/Michael	Director	*5, June 2018*
Ato Kifle Borga	Director	*5, June 2018*
Ato Teshome Shenkute	Director	*5, June 2018*
Eng. Desalegn Denbu	Director	*5, June 2018*
Ato Mulugeta Asfaw	Director	*5, June 2018*
Ato Seifu Awash	Director	*5, June 2018*
Ato Tamiru Manie	Director	*5, June 2018*
Ato Abreham Mersha (representing NIB Insurance S.C)	Director	*5, June 2018*

Executive Management *(As of 30 June, 2019)*

Ato Genene Ruga	President	*12, March 2019*
Ato Leulseged Nigussie	V/P, Strategy & Transformation	*12, March 2019*
Ato Seifu Agenda	V/P, Banking Operations	*12, March 2019*
Ato Solomon Goshime	V/P, Resources & Facilities	*01, March 2013*
Ato Kedir Bedewi	V/P, Customer & Channels	*12, March 2019*
Ato Asefa Jeza	Director,Human Resource Management Department	*25, March 2019*
Ato Wondayehu Tesfaye	Director, Supply Chain & Property Management Department	*10, May 2019*
Ato Beyene Alemu	Director, Legal services Department	*11, January 2013*
Wro Eden Haddis	Director, Treasury Department	*05, March 2013*
Ato Elias Negassi	Director, Business Systems Department	*01, March 2019*
Ato Selam Dirshaye	Director, Finance & Accounts Department	*01, March 2019*
Ato Abdulkadir Wolela	Director, Electronic Channels Department	*01, March 2019*
Ato Michael Adbib	Director, Planning & Monitoring Department	*01, March 2019*
Ato Getachew Tadesse	Director, Marketing & Business Development Department	*08, May 2019*
Ato Melkamu Solomon	Director, Internal Audit Department	*12, December 2016*
Ato Menkir Hailu	Director, Corporate Banking Department	*01, March 2019*
Ato Mulugeta Dilnesaw	Director, Facilities & Maintenance Management Department	*01, March 2019*
Ato Hailu Girma	Director, IT Infrastructure & System Support Department	*01, March 2019*
Ato Shiferaw Argaw	Director, Retail & SME Department	*01, March 2019*
Ato Amine Tadesse	Director, Trade Finance Department	*01, March 2019*
Ato Alemu Semaye	Director, Credit Appraisal Department	*01, March 2019*
Ato Sirak Yifru	Director, Risk & Compliance Management Department	*01, March 2019*
Ato Eristu Kemal	Director, Interest Free Banking Department	*01, March 2019*
Ato Tewodros Haile	Director, Learning & Development Department	*01, March 2019*
Ato Abreham Tesfaye	Director, Projects & Transformation Department	*01, March 2019*

Independent auditor
Degefa & Tewodros Audit Service Partnership

Kirkos Sub City, Woreda 02, Kebele 02/03, House No. 121
Addis Ababa
Ethiopia

Corporate office

Africa Avenue Bole
Dembel City Center
P.O.Box 2439
Addis Ababa, Ethiopia

Company Secretary

Africa Avenue Bole
Dembel City Center
P.O.Box 2439

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
REPORT OF THE DIRECTORS

The directors submit their report together with the financial statements for the year ended 30 June 2019, to the members of Nib International Bank("NIB or the Bank"). This report discloses the financial performance and state of affairs of the Bank.

Incorporation and address

Nib International Bank was incorporated in Ethiopia on 26th May 1999 under Licence No. LBB/007/99 in accordance with the Commercial Code of Ethiopia and the proclamation for Licensing and Supervision of Banking Business No. 84/1994 by 717 shareholders.

The Bank commenced operation on 28th October 1999 with a paid up capital of Birr 27.6 million and authorized capital of Birr 150 million.

Principal activities

The mandate of the Bank is to provide efficient and effective full-fledged commercial banking services by utilizing qualified, honest and motivated staff and state-of-the-art technology and thereby optimize shareholders interest.

Results and dividends

The Bank's results for the year ended 30 June 2019 are set out on page 35. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Interest income	2,858,493	2,072,786
Profit before tax	928,437	658,752
Income tax expense	(207,691)	(143,898)
Profit for the year	720,746	514,854
Other comprehensive income net of taxes	1,255	(7,207)
Total comprehensive income for the year	722,001	507,646

Directors

The directors who held office during the year and to the date of this report are set out on page 29.

Woldetensai Woldegiorgis
Chairman-Board of Directors
Addis Ababa, Ethiopia

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
STATMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the Banking Business Proclamation No. 592/2008, the National Bank of Ethiopia (NBE) may direct the Bank to prepare financial statements in accordance with international financial statements standards, whether their designation changes or they are replaced, from time to time.

The Bank's president is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Ethiopia and in the manner required by the Commercial Code of Ethiopia of 1960, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank is required keep such records as are necessary to:

a) exhibit clearly and correctly the state of its affairs;

b) explain its transactions and financial position; and

c) enable the National Bank to determine whether the Bank had complied with the provisions of the Banking Business Proclamation and regulations and directives issued for the implementation of the aforementioned Proclamation.

The Bank's president accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Banking Business Proclamation, Commercial code of 1960 and the relevant Directives issued by the National Bank of Ethiopia.

The President is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss.

The President further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the President to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:

Woldetensai Woldegiorgis Chairman-Board of Directors	Genene Ruga President

Nib International Bank S.C. No. 4

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
ቁ. 2
0118861296
0111541235
Original Copy Submited to the board

ደገፋ እና ቴዎድሮስ የኦዲት
አገልግሎት
የኅብረት ሽርክና ማህበር
l: + 251-011-466 11 57 Mobile 251-91-122 32 10
>> 96-621 59 21
አዲስ አበባ ኢትዮጵያ

Degefa and Tewodros Audit Services
Partnership
P.O. Box 8118
E-mail: deg.lem@ethionet.et
chalatewodros@gmail.com
Addis Ababa Ethiopia

We have audited the accompanying financial statements of NIB INTERNATIONAL BANK SHARE COMPANY which comprise the statement of financial position as at 30 June 2019, the statement of comprehensive income and statement of cash flows for the year then ended and summary of significant accounting policies and other explanatory information.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of NIB INTERNATIONAL BANK SHARE COMPANY as at 30 June 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRS). And as required by the commercial code of Ethiopia, based on our audit we report as follows:

i. Pursuant to Article 375(1) of the Commercial Code of Ethiopia, 1960 and based on our reviews of the board of directors' report, we have not noted any matter that we may wish to bring to your attention.
ii. Pursuant to article 375 (2) of the commercial code of Ethiopia we recommend the financial statements be approved.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

0118861296
0111541235
Accounting and Auditing Board of Ethiopia
Original Copy Submited to the board

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon; we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our Audit Addressed the key Audit matter
The Bank has implemented IFRS 9 financial instruments. This standard was published in July 2014, replacing the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Due to newness of some of requirement of this IFRS to the bank and country as whole, it had challenges in the area of business process, knowledge and training, market information and technology requirements which made the implementation process tiresome. As result, we have had series of discussions with the concerned unit of the bank on the matter; reviewed relevant documents and of course the verification work took us much time.	We have assigned a team with vast experience of banking business and hands-on experience on IFRS implementation process. The bank has engaged international consultancy firm (KPMG) to enable it to properly implement IFRS 9 and its new requirements and concerned staffs were trained properly to ensure sustainability of IFRS compliance. The management of the bank further explained to us that it used various alternative ways for gathering various market information and used unobservable inputs in cases where market information is not available which is as per requirement of IFRS and it is also considering information system updates and upgrades to enable it to comply to data requirements of this standard.

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submited to the board

Responsibilities of Management and those charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the company and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless management either intends to liquidate the company or to close operations, or has no realistic alternative but to do so.

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

Auditors Responsibility for the Audit of the financial Statements

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

Degefa & Tewodros Audit Services Partnership,
Chartered Certified Accountants

Addis Ababa
November 14, 2019

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
STATMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
Interest income calculated using the EIR method	5	2,858,493	2,072,786
Interest expense	6	(1,215,379)	(875,705)
Net interest income		**1,643,114**	**1,197,082**
Fee and commission income	7	415,243	323,225
Fee and commission expense	7	(4,026)	(3,402)
Net fees and commission income		**411,217**	**319,823**
Other operating income	8	65,900	84,740
Total operating income		**2,120,231**	**1,601,645**
Loan impairment charge	9	(66,755)	(46,110)
Impairment losses on other assets	10	-	(1,498)
Impairment Charge on deposit with other banks	14	(21)	-
Impairment Charge on NBE Bills	16	(30)	-
Impairment losses on loan commitment & financial guarantee	24	1,236	-
Net operating income		**2,054,660**	**1,554,038**
Personnel expenses	11	(702,930)	(554,133)
Amortisation of intangible assets	20	(7,055)	(7,013)
Depreciation and impairment of property, plant and equipment	21	(72,492)	(52,527)
Other operating expenses	12	(343,552)	(285,165)
		(1,126,030)	**(898,838)**
Profit before tax and share of income from associates		928,631	655,200
Share of net profit of associate accounted for using the equity method	17	(193)	3,552
Profit before tax		**928,437**	**658,752**
Income tax expense	13	(207,691)	(143,898)
Profit after tax		**720,746**	**514,854**
Other comprehensive income (OCI) net of income tax			
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement gain/(loss) on retirement benefits obligations	25	(6,239)	(10,296)
Deferred tax (liability)/asset on remeasurement gain or loss	13	1,872	3,089
Bank's share of associate's other comprehensive income(net of tax)		(15)	-
		(4,382)	(7,207)
Gain on change in Fair Value of Investment Securities		8,053	-
Deferred tax (liability)/asset on gain on change in fair value of equity securities		(2,416)	-
		5,637	-
Total comprehensive income for the period		**722,001**	**507,646**
Basic & diluted earnings per share (Birr)	27	154	134

The accompanying notes are an integral part of theses financial statements.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
STATMENT OF FINANCIAL POSITION

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
ASSETS			
Cash and bank balances	14	3,931,025	3,884,986
Loans and advances to customers	15	19,250,471	13,498,652
Investment securities:			
- Fair value through other comprehensive income	16	122,680	94,162
- Amortzed cost (NBE Bills)	16	6,744,262	6,135,822
Investment in associates	17	49,377	47,606
Other assets	18	1,254,108	1,046,713
Investment property	19	23,408	23,871
Intangible assets	20	21,205	27,642
Property, plant and equipment	21	2,320,890	1,929,467
Deferred tax assets	13		-
Total assets		**33,717,427**	**26,688,922**
LIABILITIES			
Deposits from customers	22	27,663,710	21,619,236
Borrowings	23	-	203,682
Current tax liabilities	13	210,702	137,772
Other liabilities	24	1,392,144	1,318,828
Retirement benefit obligations	25	30,157	20,581
Deferred tax liabilities	13	9,669	8,422
		29,306,382	23,308,522
Total liabilities		**29,306,382**	**23,308,522**
EQUITY			
Share capital	26	2,649,974	2,076,219
Share premium	26	-	18,318
Regulatory risk reserve	4.2.9	170,754	56,339
Retained earnings	28	490,311	332,077
Legal reserve	29	1,094,844	895,548
Special reserve	30	2,000	1,900
Other comprehensive income		3,163	-
Total equity		**4,411,045**	**3,380,400**
Total equity and liabilities		**33,717,427**	**26,688,922**

The accompanying notes are an integral part of theses financial statements.

The financial statements were approved and authorised for issue by the board of directors on November 14, 2019 and were signed on its behalf by:

Woldetensai Woldegiorgis
Director

Genene Ruga
President

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
STATMENT OF CHANGES IN EQUITY

	Notes	Share capital Birr'000	Share Premium Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Special reserve Birr'000	Regulatory risk reserve	Other comprehensive income	Total Birr'000
As at 1 July 2018		**2,076,219**	**18,318**	**332,077**	**895,548**	**1,900**	**56,339**	**-**	**3,380,400**
Effect of IFRS 9 day 1 adjustment		-	-		19,109		57,328	8,667	85,104
Reclassification of opening other comprehensive income		-	-	6,758	-	-	-	(6,758)	-
Effect of IFRS day 1 adjustment on bank's share of associates income		-	-	1,980	-	-	-	-	1,980
Profit for the year	28	-	-	720,746	-	-	-	-	720,746
Net other comprehensive incomefor the year		-	-	-	-	-	-	1,255	1,255
Issue of shares	26	573,755	(18,318)	-	-	-			555,437
Transfer to legal reserve	29	-	-	(180,187)	180,187	-			-
Transfer to special reserve	30	-	-	(100)	-	100			-
Transfer to regulatory risk reserve				(57,087)			57,087	-	-
Dividend paid	28	-	-	(332,077)	-	-			(332,077)
Loss allowance on deposits with other banks				-					-
Board of directors' remuneration	28			(1,800)					(1,800)
As at 30 June 2019		**2,649,974**	**-**	**490,311**	**1,094,843**	**2,000**	**170,754**	**3,163**	**4,411,045**

The accompanying notes are an integral part of theses financial statements.

No. 4 Nib International Bank S.C.

Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia 0118861296 0111541235 Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
STATMENT OF CASH FLOWS

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
Cash flows from operating activities			
Cash generated from operations	31	(6,710,812)	(3,209,223)
Proceeds of deposits from customers	22	6,044,474	5,061,284
Interest received	5	2,858,494	2,072,787
Interest paid	6	(1,215,379)	(875,704)
Defined benefit paid	25	(1,779)	(536)
Directors allowance paid		(1,800)	(1,100)
Income tax paid		(137,772)	(165,104)
Net cash (outflow)/inflow from operating activities		**835,425**	**2,882,404**
Cash flows from investing activities			
Purchase of equity investments	16	(8,085)	(8,124)
Purchase of intangible assets	20	(617)	(3,260)
Payment for construction in progress	21	(345,505)	(1,346,317)
Purchase of property, plant and equipment	21	(117,983)	(140,670)
Purchase of NBE Bills		(592,918)	(959,531)
Interest on NBE Bills		(15,859)	(9,409)
Additional investment in associates		193	(3,552)
Proceeds from sale of property, plant and equipment and repossed collateral	31	(149)	(19)
Net cash (outflow)/inflow from investing activities		**(1,080,923)**	**(2,470,882)**
Cash flows from financing activities			
Proceeds from issues of shares	26	555,437	294,082
Proceeds from borrowings	23	(203,682)	-
Interest on borrowings	23	-	350
Dividend paid	28	(332,077)	(385,883)
Net cash (outflow)/inflow from financing activities		**19,678**	**(91,451)**
Net increase/(decrease) in cash and cash equivalents		**(225,821)**	**320,071**
Cash and cash equivalents at the beginning of the year	14	2,784,796	2,464,726
Effect of exchange rate movement on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	14	**2,558,975**	**2,784,797**

The accompanying notes are an integral part of theses financial statements.

ንብ ኢንተርናሽናል ባንክ አ.ማ. Nib International Bank S.C. No. 4

Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia ቁ. 2 0118861296 0111541235 Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

1 General information

Nib International Bank SC ("Nib Bank or the Bank") is a private commercial Bank domiciled in Ethiopia. The Bank was established on 26th May 1999 in accordance with the provisions of the Commercial code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994. The Bank registered office is at:

Africa Avenue Bole
Dembel City Center
P.O.Box 2439
Addis Ababa, Ethiopia

The Bank is principally engaged in the provision of diverse range of financial products and services to a wholesale, retail and SME clients base in Ethiopian Market.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements for the year ended 30 June 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept.

- assets held for sale – measured at the lower of carrying value and fair value less cost of disposal, and
- defined benefit pension plans – plan assets measured at fair value.

All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The management have no doubt that the Bank would remain in existence after 12 months.

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submited to the board

2.2.2 Changes in accounting policies and disclosures

a. Changes in accounting policies

The Bank has initially adopted IFRS 9 from 1 July 2018. Due to the transition method chosen by the Bank in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

The effect of initially applying these standards is mainly attributed to the following:

• a decrease in impairment losses recognised on financial assets **(Note 4.2.8)**; and

• additional disclosures related to IFRS 9 **(see Notes 2.6and 4.2.8);**

Except for the changes below, the Bank has consistently applied the accounting policies to all periods presented in these financial statements.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the Bank has adopted consequential amendments to IAS 1 Presentation of Financial Statements,which require separate presentation in the statement of profit or loss and OCI of interest revenue calculated using the effective interest method. Previously, the Bank disclosed this amount in the notes to the financial statements.

Additionally, the Bank has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been applied to the comparative information.

The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in **Note 4.2.8**.

Transition from IAS 39 to IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except comparative periods which have generally not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 July 2018.

Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2019 under IFRS 9.

The Bank used the exemption not to restate comparative periods but considering that the amendments made by IFRS 9 to IAS 1 introduced the requirement to present 'interest income calculated using the effective interest rate' as a separate line item in the statement of profit or loss and OCI, the Bank changed the description of the line item from 'interest income' reported in 2018 to 'interest income calculated using the effective interest method'.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial applica

• The determination of the business model within which a financial asset is held.

• The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at F

•The designation of investments in equity instruments not held for trading is at FVOCI.

• If a debt security had low credit risk at the date of initial application of IFRS 9, then the Bank has assumed that credit risk on the asset had not increased significantly since its initial recognition.

b. New Standards, amendments, interpretations issued but not yet effective.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 June 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank except the following set out below.

Nib International Bank S.C. No. 4

Degefa and Tewodros Audit Service Partnership Certified Auditors Ethiopia

Accounting and Auditing Board of Ethiopia 112 0118861296 0111541235 Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

IFRS 16 - Leases

This standard was issued in January 2016 (Effective 1 January 2019) . It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. It also substantially carries forward the lessor accounting requirements in IAS 17. The Bank is yet to assess the expected impact of this standard.

2.3 Investment in associates

An associate is an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Bank's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Bank's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Bank's share of the results of operations of the associate . Any change in OCI of those investees is presented as part of the Bank's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Bank recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Bank and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Bank determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Bank determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the income statement.

Upon loss of significant influence over the associate, the Bank measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in income statement.

2.4 Foreign currency translation

a) *Functional and presentation currency*
Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The functional currency and presentation currency of the Bank is the Ethiopian Birr (Birr).

b) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Bank's functional currency are recognised in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

ቁ. 2
0118861296
0111541235
Accounting and Auditing Board of Ethiopia
Original Copy Submited to the board

2.5 Recognition of income and expenses

Revenue is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for transferring services to a customer. It is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Bank, earns income from interest on loans given for domestic trade and services, building and construction,

2.5.1 Interest and similar income and expense

For all financial instruments measured at amortised cost interest income or expense is recorded using the Effective Interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and Interest and similar expense for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.5.2 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income (for example commission on drafts, cash payment order (CPO), letter of credit (LC), letter of guarantee, etc) are recognised as the related services are performed.

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expenses relates mainly to transaction and service fees and they are expensed as the services are received.

2.5.3 Dividend income

This is recognised when the Bank's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

2.5.4 Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognised in the income statement.

The monetary assets and liabilities include financial assets within the cash and cash equivalents, foreign currencies deposits received and held on behalf of third parties etc.

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submited to the board

2.6 Financial assets and financial liabilities

2.6.1 *Policy applicable from 1 July 2018*

a. Recognition and initial measurement

The Bank shall initially recognise loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) shall be recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability shall be measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and subsequent measurement

i) Financial assets

On initial recognition, a financial asset shall be classified either as measured at either amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The Bank shall measure a financial asset at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). `

A debt instrument shall be measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition, an equity investment that is held for trading shall be classified at FVTPL. However, for equity investment that
is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All other financial assets that do not meet the classification criteria at amortised cost or FVOCI, above, shall be classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank shall make an assessment of the objective of a business model in which an asset is held at a portfolio levelbecause this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
ቁ. 2
0118861296
0111541235
Original Copy Submited to the board

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis shall be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets shall not be reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' shall be defined as the fair value of the financial asset on initial recognition. 'Interest' shall be defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

i) Financial liabilities

The Bank shall classify its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

A financial guarantee is an undertaking/commitment that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when due in accordance with the contractual terms.

Financial guarantees issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL,are subsequently measured at the higher of: the amount of the obligation under the guarantee, as determined in accordance with IAS 37 Provisions, ContingentLiabilities and Contingent Assets; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance withthe revenue recognition policies.

c. Impairment

At each reporting date, the Bank shall assess whether there is objective evidence that financial assets (except equity investments), other than those carried at FVTPL, are impaired.

The Bank shall recognise loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss shall be recognised on equity investments.

The Bank shall measure loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-mont ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and

- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables shall always be measured at an amount equal to lifetime ECL.

No. 4 Nib International Bank S.C.

Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia Original Copy Submited to the board 0118861296 0111541235

12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months
after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL is the ECL that result from all possible default events over the expected life of the financial instrument. Financial
instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial

i) Measurement of ECL

ECL is a probability-weighted estimate of credit losses. It shall be measured as follows:

- for financial assets that are not credit-impaired at the reporting date (stage 1 and 2):as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);

- for financial assets that are credit-impaired at the reporting date (stage 3): as the difference between the gross carrying amount and the present value of estimated future cash flows;

- for undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

- for financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

ii) Restructured financial assets

Where the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then the Bank shall assess whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

iii) Credit-impaired financial assets

At each reporting date, the Bank shall assess whether financial assets carried at amortised cost, debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets').

A financial asset shall be considered 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition shall be considered to be credit-impair unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more shall be considered credit-impaired even when the regulatory definition of default is different.

iv) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL shall be presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- for debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance shall be disclosed and is recognised in the fair value reserve.

v) Write-off

Loans and debt securities shall be written off (either partially or in full) when there is no reasonable expectation of recovering the amount in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment shall be carried out at the individual asset level.

Recoveries of amounts previously written off shall be included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

vi) Non-integral financial guarantee contracts

The Bank shall assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately.

Where the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection
with the initial recognition of the financial asset shall be treated as a transaction cost of acquiring it. The Bank shall consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

Where the Bank determines that the guarantee is not an integral element of the debt instrument, then it shall recognise an asset representing any prepayment of guarantee premium and a right to compensation for credit losses.

d. Derecognition

i) Financial assets

The Bank shall derecognise a financial asset when:

- The contractual right to the cash flows from the financial asset expires, or
- It transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI shall be recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI shall not be recognised in profit or loss on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank shall be recognised as a separate asset or liability.

ii) *Financial liabilities*

The Bank shall derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire.

e. Modifications of financial assets and financial liabilities

i) *Financial assets*

If the terms of a financial asset are modified, then the Bank shall evaluate whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset shall be deemed to have expired. In this case, the original financial asset shall be derecognised (see (1.3)) and a new financial asset shall be recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification shall be accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs shall be included in the initial measurement of the asset; and

- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it shall first consider whether a portion of the asset should be written off before the modification takes place.

Where the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank shall first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees receivedas part of the modification adjust the gross carrying amount of the modified financial asset and shall be amortised over the remaining term of the modified financial asset.

Where such a modification is carried out because of financial difficulties of the borrower, then the gain or loss shall be presented together with impairment losses. In other cases, it shall be presented as interest income calculated using the effective interest rate method.

i) *Financial liabilities*

The Bank shall derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms shall be recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid shall include non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

Where the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability shall be recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

a. Offsetting

Financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses shall be presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

No. 4 Nib International Bank S.C.

Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia Original Copy Submited to the board 0118861296 0111541235

b. Designation at fair value through profit or loss

i) Financial assets

At initial recognition, the Bank may designate certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

ii) Financial liabilities

The Bank shall designate certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2.6.2 *Policy applicable before 1 July 2018*

a. Recognition

The Bank initially recognises loans and advances, deposits and debt securities on the date at which they are originated. All other financial assets and liabilities (including assets designated at fair value through profit or loss) are initially recognised on the trade date at which the Bank becomes a party to the contractual provision of the instrument.

A financial asset or liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue. Subsequent to initial recognition, financial liabilities (deposits and debt securities) are measured at their amortized cost using the effective interest method.

b. Classification

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Investments held for trading are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments held for trading are subsequently re-measured at fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs. All related realized and unrealized gains and losses are included in profit or loss. Interest earned whilst holding held for trading investments is reported as interest income.

Foreign exchange forward and spot contracts are classified as held for trading. They are marked to market and are carried at their fair value. Fair values are obtained from discounted cash flow models which are used in the determination of the foreign exchange forward and spot contract rates. Gains and losses on foreign exchange forward and spot contracts are included.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money directly to a debtor with no intention of trading the receivable. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method. Loans and receivables compose of loans and advances and cash and cash equivalents.

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

ቁ. 2
0118861296
0111541235
Accounting and Auditing Board of Ethiopia
Original Copy Submited to the board

iii) Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. A sale or reclassification of more than an insignificant amount of held to maturity investments would result in the reclassification of the entire category as available for sale and would prevent the Bank from classifying investment securities as held to maturity for the current and the following two financial years. Held to maturity investments includes treasury bills and bonds. They are subsequently measured at amortized cost using the effective interest rate method.

iv) Available-for-sale

Available-for-sale financial investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any other category of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in other comprehensive income and presented in the available-for-sale fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is re-classified to profit or loss.

c. Identification and measurement of impairment of financial assets

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset than can be estimated reliably.

The Bank considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. Significant assets found not to be specifically impaired are then collectively assessed for any impairment that may have been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would otherwise not consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the Bank.

In assessing collective impairment the Bank uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rate, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

Impairment losses on available-for-sale securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

d. *De-recognition*

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognized as a separate asset or liability.

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include repurchase transactions.

e. *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

f. *Fair value of financial assets and financial liabilities*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, in the principal, or in its absence, the most advantageous market to which the Bank has access at that date.

g. *Amortized cost measurement*

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

2.7 Islamic banking

2.7.1 Murabaha

Murabaha is an Islamic financing transaction which represents an agreement whereby the Bank buys a commodity/good and sells it to a counterparty (customer) based on a promise received from that counterparty to buy the commodity according to specific terms and conditions. The selling price comprises of the cost of the commodity/goods and a pre-agreed profit margin.

It is treated as financing receivables. Financing receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The profit is quantifiable and contractually determined at the commencement of the contract. Murabaha Income (profit) is recognised as it accrues over the life of the contract using the effective profit method (EPRM) on the principal balance outstanding.

These products are carried at amortised cost less impairment.

2.8 Net interest income

2.8.1 *Policy applicable from 1 July 2018*

a. *Effective interest rate and amortised cost*

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

b. *Amortised cost and gross carrying amount*

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 July 2018).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

c. *Calculation of interest income and expense*

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

d. *Presentation*

Interest income and expense presented in the statement of profit or loss and OCI include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

2.8.2 *Policy applicable*

Interest income and expense on available-for-sale assets and financial assets or liabilities held at amortised cost was recognised in profit or loss using the effective interest method.

When calculating the effective interest rate, the Bank estimated the cash flows considering all contractual terms of the financial instrument but did not consider future credit losses. The calculation included all fees and points paid or received, between the parties to the contract that were an integral part of the effective interest rate, transaction costs and all other discounts and premiums. Transaction costs were incremental costs that were directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Once a financial asset or a group of similar financial assets had been written down as a result of an impairment loss, interest income was recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income and expense on all trading assets and liabilities were considered to be incidental to the Bank's trading operations are presented in net interest income.

2.9 Cash and cash equivalents

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held withcentral banks and highly liquid financial assets with original maturities of three months or less fromthe date of acquisition that are subject to an insignificant risk of changes in their fair value, and areused by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Net trading income

Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

2.10 Property, plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Bank recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate (years)
Buildings	50
Motor vehicles	10
Furniture & fittings:	
- Medium lived	10
- Long lived	20
Computer and related items	7
Equipments:	
- Short lived	5
- Medium lived	10

The Bank commences depreciation when the asset is available for use.

Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred .

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

- Computer software – 6 years
- Core application software – 6 years

2.12 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Bank and the cost can be reliably measured. This is usually when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The Bank has opted to subsequently carry investment property at cost and disclose fair value. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Bank uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by the Bank's internal valuers who have relevant experience in the location and category of the investment property being valued.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties are derecognised when they have been disposed.

2.13 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

2.14 Impairment of non-financial assets

The Bank assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Bank bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Bank's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.15 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money. The other assets in the Bank's financial statements include the following:

(a) Prepayment

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise and cancelled when payment is received.

The Bank's other receivables are receivables from mastercard, receivables from visa card and other receivables from debtors.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

2.16 Fair value measurement

The Bank measures financial instruments classified as fair value through profit and loss and fair value through other comprehensive income at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are, summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 3 and Note 4.5.1
- Quantitative disclosures of fair value measurement hierarchy Note 4.5.2
- Financial instruments (including those carried at amortised cost) Note 4.5.2

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

No. 4 Nib International Bank S.C.

Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia ቁ. 2 0118861296 0111541235 Original Copy Submited to the board

2.17 Employee benefits

The Bank operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post employment benefits.

(a) Defined contribution plan

The Bank operates two defined contribution plans;

i) pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Bank respectively;
ii) provident fund contribution, funding under this scheme is 7% and 13% by employees and the Bank respectively;

based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

(b) Defined benefit plan

The Bank operates a defined benefit severance scheme in Ethiopia where members of staff who have spent 5 years or more in employment are entitled to benefit payments upon retiremtent. The benefit payments are based on final emolument of staff and length of service. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of gratuity benefit that an employee will receive on retirement usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in income.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Nib International Bank S.C. No. 4

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
ቁ. 2
0118861296
0111541235
Original Copy Submited to the board

(c) Profit-sharing and bonus plans

The Banks recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Provisions

Provisions are recognised when the bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as other operating expenses.

2.19 Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.21 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Bank as a lessee

Leases that do not transfer to the Bank substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

Bank as a lessor

Leases where the Bank does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in Other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.22 Income taxation

(a) Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Bank's exposure to risks and uncertainties includes:
• Capital management Note 4.6
• Financial risk management and policies Note 4

3.1 Judgements

In the process of applying the Bank's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments - Bank as lessee

The Bank has entered into commercial property leases. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Impairment losses on loans and receivables

The Bank reviews its loan portfolios for impairment on an on-going basis. The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment provisions are also recognised for losses not specifically identified but which, experience and observable data indicate, are present in the portfolio at the date of assessment. For individually significant financial assets that has been deemed to be impaired, management has deemed that cashflow from collateral obtained would arise within 12 months where the financial asset is collaterised.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio, when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The use of historical loss experience is supplemented with significant management judgment to assess whether current economic and credit conditions are such that the actual level of inherent losses is likely to differ from that suggested by historical experience. In normal circumstances, historical experience provides objective and relevant information from which to assess inherent loss within each portfolio. In other circumstances, historical loss experience provides less relevant information about the inherent loss in a given portfolio at the balance sheet date, for example, where there have been changes in economic conditions such that the most recent trends in risk factors are not fully reflected in the historical information. In these circumstances, such risk factors are taken into account when calculating the appropriate levels of impairment allowances, by adjusting the impairment loss derived solely from historical loss experience.

The detailed methodologies, areas of estimation and judgement applied in the calculation of the Bank's impairment charge on financial assets are set out in the Financial risk management section.

The estimation of impairment losses is subject to uncertainty, which has increased in the current economic environment, and is highly sensitive to factors such as the level of economic activity, unemployment rates, property price trends, and interest rates. The assumptions underlying this judgement are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

Defined benefit plans

The cost of the defined benefit pension plan and the present value of these defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Bank is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4 Financial risk management

4.1 Introduction

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

4.1.1 Risk management structure

The Board of Director's Risk Management Committee, a subset of the Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. It also has the responsibility to monitor the overall risk process within the Bank.

The Risk and Compliance Management Department reports directly to the Board of Directors Risk Management Committee. The department has three divisions; Credit and Operational Risk management, Liquidity and Market Risk Management and Compliance Management. The Risk and Compliance Management Department has following responsibilities; ensuring that effective processes are in place, conducting awareness creation sessions regarding the risk management process of the Bank, identifying current and emerging risks, developing risk assessment and measurement systems, establishing its own policies and procedures as a mitigating/controlling mechanisms to manage risks, participating in the development of risk tolerance limits for board approval, monitoring positions against approved risk tolerance limits and reporting results of risk monitoring to the board and top management of the Bank.

The Asset Liability Management Committee is incharge of managing liquidity and interest rate risk. The committee holds regular meetings at least monthly or more frequently when the situation demands.

The Internal Audit Department conducts reviews of the risk management process at least once a year or when situations demand.

4.1.2 Risk measurement and reporting systems

The Bank's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected regions. In addition, the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

4.1.3 Risk mitigation

Risk controls and mitigants, identified and approved for the Bank, are documented for existing and new processes and systems.

The adequacy of these mitigants is tested on a periodic basis through administration of control self-assessment questionnaires, using risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently audited as part of the review process.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

4.2 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and other financial assets.

Exposure to credit risk is managed through periodic analysis of the ability of borrowers and potential borrowers to determine their capacityto meet principal and interest thereon, and restructuring such limits as appropriate. Exposure to credit risk is also mitigated, in part, by obtaining collateral, commercial and personal guarantees.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to term of the financial instrument and economic sectors.

The National Bank of Ethiopia (NBE) sets credit risk limit for a single borrower, one related party and all related parties to not exceed 25%, 15% and 35% of Bank's total capital amount as of the reporting quarterly period respectively.

Credit management is conducted as per the risk management policy and guideline approved by the board of directors and the Risk Management Committees. Such policies are reviewed and modified periodically based on changes and expectations of the markets where the Bank operates, regulations, and other factors.

4.2.1 Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments (2019) and available-for-sale debt assets (2018). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

The loss allowance for loans and advances to customers also includes the loss allowances for loan commitments and financial guarantee contracts.

	2019				2018
In Birr'000	Stage 1	Stage 2	Stage 3	Total	Total
Loans and advances to customers at amortised cost					
Stage 1 – Pass	17,458,386	-	-	**17,458,386**	11,850,962
Stage 2 – Special mention	-	1,516,942	-	**1,516,942**	1,253,153
Stage 3 - Non performing	-	-	465,126	**465,126**	599,850
Total gross exposure	**17,458,386**	**1,516,942**	**465,126**	**19,440,454**	**13,703,965**
Loss allowance	(96,867)	(16,023)	(77,095)	(189,984)	(205,313)
Net carrying amount	**17,361,519**	**1,500,919**	**388,031**	**19,250,470**	**13,498,652**

In Birr'000	2019			
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	12 Month ECL	3,931,166	(141)	3,931,025
Investment securities (debt instruments)	12 Month ECL	6,744,599	(337)	6,744,262
Other recevables and financial assets	Lifetime ECL	455,650	(9,872)	445,778
Totals		**11,131,415**	**(10,350)**	**11,121,064**

In Birr'000	2018			
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	12 Month ECL	3,884,986	-	3,884,986
Investment securities (debt instruments)	12 Month ECL	6,135,822	-	6,135,822
Other recevables and financial assets	Lifetime ECL	310,937	(9,872)	301,065
Totals		**10,331,745**	**(9,872)**	**10,321,873**

4.2.2 Collateral held

The Bank holds collateral against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

30 June 2019	Maximum exposure to credit risk Birr'000	Secured against real estate and PPE Birr'000	Bank guarantees and Shares Birr'000	Multiple Collaterals Birr'000	Others Birr'000	Total Birr'000
Loans and advances to customers						-
Agriculture	133,515	612,884	1,489		11,796	626,169
Manufacturing	3,810,893	2,064,916	307,773	-	-	2,372,689
Domestic Trade and Service	3,854,823	9,932,104	33,315	-	13,673	9,979,092
Transport and communication	270,702	907,422	1,339	-	1	908,762
Hotel and tourism	2,327,673	5,554,244	566	-	-	5,554,810
Export	2,781,757	1,506,724	22,120	886,440	154,252	2,569,536
Import	2,590,609	5,222,660	48,315	-	582,331	5,853,306
Building and Construction	3,316,983	7,403,747	34,375	-	-	7,438,121
Mines, Power and Water	110,658	526,929	-	-	-	526,929
Staff loans and advances	218,914	-	-	-	432,540	432,540
Personal	23,929					-
	19,440,455	**33,731,630**	**449,292**	**886,440**	**1,194,593**	**36,261,954**
Investment securities:						-
FVOCI	122,680					-
Amortzed cost (NBE Bills)	6,744,599					-
	6,867,279	**-**	**-**	**-**	**-**	**-**
Other assets	455,650	-	-	-	-	-
	455,650	**-**	**-**	**-**	**-**	**-**
Purchase commitments	1,151,981					
Loan commitments	1,864,989					
Guarantees	960,237					
Letters of credit and others	186,703					
	30,927,294	**33,731,630**	**449,292**	**886,440**	**1,194,593**	**36,261,954**

30 June 2018	Maximum exposure to credit risk Birr'000	Secured against real estate and PPE Birr'000	Bank guarantees and Shares Birr'000	Multiple Collaterals Birr'000	Others Birr'000	Total Birr'000
Loans and advances to customers						
Agriculture	92,164	251,135	1,489	-		252,624
Manufacturing	3,191,052	5,827,268	12,279	1,106,359		6,945,907
Domestic Trade and Service	2,426,407	7,918,866	18,252	49,564	17,923	8,004,605
Transport and communication	203,691	806,297	1,643	1,043		808,983
Hotel and tourism	1,337,212	3,352,477				3,352,477
Export	2,058,794	1,145,469	13,319	70,794	950,340	2,179,922
Import	1,901,831	3,790,428	21,786	215,380	595,445	4,623,039
Building and Construction	1,859,576	5,749,467	4,144	33,889		5,787,500
Mines, Power and Water	43,393	173,641				173,641
Staff loans and advances	550,081	68,864	161,480	7,195		237,539
Personal	39,765					-
	13,703,966	29,083,913	234,391	1,484,224	1,563,708	32,366,237
Investment securities:						-
FVOCI	94,162					-
Amortzed cost (NBE Bills)	6,135,822					-
	6,229,984	-	-	-	-	-
Other assets	310,937	-	-	-	-	-
	310,937	-	-	-	-	-
Purchase commitments	959,272					
Loan commitments	1,902,364					
Guarantees	813,697					
Letters of credit and others	416,810					
	24,337,030	29,083,913	234,391	1,484,224	1,563,708	32,366,237

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

ቁ. 2
0118861296
0111541235
Accounting and Auditing Board of Ethiopia
Original Copy Submited to the board

i) Loans and advances to corporate customers

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests that corporate borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Because of the Bank's focus on corporate customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to corporate customers. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely. For credit-impaired loans, the Bank obtains appraisals of collateral because it provides input into determining the management credit risk actions.

At 30 June 2019, the net carrying amount of credit-impaired loans and advances to corporate customers amounted to ETB 64.27 million (2018: ETB 159.24 million) and the value of identifiable collateral held against those loans and advances amounted to ETB 123.44 million (2018: ETB 246.37 million). For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

ii) Investment securities designated as at FVTPL

At 30 June 2019, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL.

4.2.3 Amounts arising from ECL

i) Inputs, assumptions and techniques used for estimating impairment

See accounting policy in **Note 2.6.1.(c)**

ii) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).
- the Bank uses three criteria for determining whether there has been a significant increase in credit risk:
- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due,

iii) Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data;

a. **Term loan exposures**

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance
- Data from credit reference agencies, press articles, changes in external credit ratings
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
- Internally collected data on customer behaviour – e.g. utilisation of credit card facilities
- Affordability metrics

b. Overdraft exposures

- Payment record – this includes overdue status as well as a range of variables about payment ratios
- Utilisation of the granted limit
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions

iv) Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

v) Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit- impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

vi) Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank.
- Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
ቁ. 2
0118861296
0111541235
Original Copy Submited to the board

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.
- Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

vii) Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

For each segment, the Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. For each sector, the base case is aligned with the macroeconomic model's information value output, a measure of the predictive power of the model, as well as base macroeconomic projections for identified macroeconomic variables for each sector. The upside and downside scenarios are based on a combination of a percentage error factor of each sector model as well as simulated optimistic and pessimistic macroeconomic projections based on a measure of historical macroeconomic volatilities.

External information considered includes economic data and forecasts published by Business Monitor International, an external and independent macroeconomic data body. This is in addition to industry – level, semi – annual NPL trends across statistically comparable sectors.

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Bank's senior management.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk for each of the Bank's economic sectors is summarized below:

Sector/Product	Macroeconomic factors				
Personal and staff loans	INFLATION: Consumer price index, 2010 = 100, ave	EXCHANGE RATE: ETB/USD, ave	GDP EXPENDITURE: Exports of goods and	DEBT: Government domestic debt, ETBbn	STRATIFICATION: Household Spending, ETBbn
Domestic Trade & Services	GDP: GDP per capita, USD	GDP EXPENDITURE: Imports of goods and services, USDbn	INFLATION: Consumer price index, 2010 = 100, eop	EXCHANGE RATE: ETB/USD, ave	FISCAL: Total revenue, USDbn
Building & Construction	GDP EXPENDITURE: Exports of goods and services, USD per capita	FISCAL: Current expenditure, USDbn	DEBT: Government domestic debt, ETBbn	-	-
Export and Import	GDP EXPENDITURE: Exports of goods and services, ETBbn	GDP EXPENDITURE: Imports of goods and services,	EXCHANGE RATE: Real effective exchange rate, index	GDP EXPENDITURE: Private final consumption, USDbn	DEBT: Total government debt, USDbn

Macro-economic factor	2019	2020	2021
INFLATION: Consumer price index, 2010 = 100	317.4	349.1	384
GDP: GDP per capita, USD	836	928	1019
GDP EXPENDITURE: Exports of goods and services, USD per capita	54.9	59.8	66.6
GDP EXPENDITURE: Exports of goods and services, ETBbn	179.8	213.8	260.3
EXCHANGE RATE: ETB/USD	29.23	31.1	33.15
GDP EXPENDITURE: Imports of goods and services, USDbn	16.6	16.9	17.1
FISCAL: Current expenditure, USDbn	7.8	8.3	8.9
GDP EXPENDITURE: Imports of goods and services, ETBbn	485.3	526.5	568.4
INFLATION: Consumer price index, 2010 = 100	296.3	326	358.6
DEBT: Government domestic debt, ETBbn	642.7	752	872.3
EXCHANGE RATE: Real effective exchange rate, index	123.13	121.01	117.74
GDP EXPENDITURE: Private final consumption, USDbn	58.9	66.2	73.5
STRATIFICATION: Household Spending, ETBbn	1707.6	1926.3	2149.3
FISCAL: Total revenue, USDbn	10.5	10.9	11.4
DEBT: Total government debt, USDbn	57	65.2	75.4

Predicted relationships between the key indicators and default rates on various portfolios of financial assets have been developed based on analysing semi – annual historical data over the past 5 years.

viii) Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of: its remaining lifetime PD at the reporting date based on the modified terms; withtheremaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Bank Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

ix) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recoverycosts of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observationsand forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period.

The maximumcontractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for overdrafts that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increasein credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk grading;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

x) *Loss allowance*

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	2019			
In Birr'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost (on balance sheet exposures)				
Balance as at 1 July 2018	**153,390**	**15,400**	**36,523**	**205,313**
Day one IFRS 9 transition adjustment	(116,907)	(7,947)	42,770	**(82,084)**
Adjusted balance at 1 July 2018	**36,483**	**7,453**	**79,293**	**123,229**
Transfer to stage 1 (12 months ECL)	18,882	(1,757)	(17,125)	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(2,380)	6,886	(4,507)	-
Transfer to stage 3 (Lifetime ECL credit impaired)	(533)	(514)	1,046	-
Net remeasurement of loss allowance	(3,558)	1,855	35,577	33,873
New financial assets originated or purchased	58,679	6,065	11,011	75,755
Financial assets derecognised	(10,707)	(3,966)	(28,200)	(42,873)
Balance as at 30 June 2019	**96,866**	**16,022**	**77,095**	**189,984**

	2019			
In Birr'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan commitments and financial guarantee contracts (off balance sheet exposures)				
Balance as at 1 July 2018	**-**	**-**	**-**	-
Day one IFRS 9 transition adjustment	5,215	6	-	5,221
Adjusted balance at 1 July 2018	**5,215**	**6**	**-**	**5,221**
Transfer to stage 1 (12 months ECL)	5	(5)	-	0
Transfer to stage 2 (Lifetime ECL not credit impaired)	(19)	19	-	0
Transfer to stage 3 (Lifetime ECL credit impaired)	-	0	-	0
Net remeasurement of loss allowance	(1,111)	2	-	(1,109)
New financial assets originated or purchased	1,861	2	-	1,863
Financial assets derecognised	(1,989)	(1)	-	(1,990)
Balance as at 30 June 2019	**3,962**	**23**	**-**	**3,985**

	2019			
In Birr'000	**Cash and balances with banks**	**Investment securities (debt instruments)**	**Other receivables and financial assets**	**Total**
Other financial assets (debt instruments)				
Balance as at 1 July 2018	**-**	**-**	**(9,872)**	**(9,872)**
Day one IFRS 9 transition adjustment	(120)	(307)	-	**(427)**
Adjusted balance at 1 July 2018	**(120)**	**(307)**	**(9,872)**	**(10,299)**
Net remeasurement of loss allowance	(21)	(30)	(0)	**(52)**
Balance as at 30 June 2019	**(141)**	**(337)**	**(9,872)**	**(10,350)**

The following table provides a reconciliation for 2019 between amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instrument; andthe 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

In Birr'000	Loans and advances to customers at amortised cost	Loan commitments and financial guarantee contracts	Other financial assets	Total charge/(credit)
Net remeasurement of loss allowance	33,873	(1,109)	29	**32,793**
New financial assets originated or purchased	75,755	1,863	-	**77,618**
Financial assets derecognised	(42,873)	(1,991)	-	**(44,864)**
Amounts directly written off during the year	-	-	-	**-**
Recoveries of amounts previously written off	-	-	-	**-**
Total	**66,755**	**(1,237)**	**29**	**65,547**

4.2.4 Impaired financial assets – Comparative information under IAS 39

In millions of ETB	Loans and advances to customers 2018	Investment securities 2018
Loans with renegotiated terms		
Gross carrying amount	13	
Impaired amount	13	
Allowance for impairment	1	
Net carrying amount	12	
Neither past due nor impaired	11,809	122,680
Past due but not impaired	1,253	
Individually impaired	642	
	13,704	**122,680**
Allowance for impairment		
Individual	36	-
Collective	169	-
Total allowance for impairment	205	-

- ***Loans with renegotiated terms***

Loans with renegotiated terms are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Bank had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off.

- ***Loans that were past due but not impaired***

Loans that were 'past due but not impaired' are those for which contractual interest or principal payments were past due but the Bank believed that impairment was not appropriate on the basis of the level of security or collateral available and/or the stageof collection of amounts owed to the Bank. The amounts disclosed exclude assets measured at FVTPL.

4.2.5 Concentrations of credit risk

The Bank monitors concentrations of credit risk by economic sector as shown below;

Concentration by sector	Amount Millions of ETB
Agriculture	134
Domestic trade & services	3,811
Export	3,855
Hotel & Tourism	271
Import	2,328
Manufacturing	2,782
Mining, Power, & Water	2,591
Staff	3,317
Personal	111
Building & construction	219
Transportation & communication	24
Total	**19,440**

4.2.6 Net interest income

In millions of ETB	2019	2018
Interest income	2,858	2,073
Interest expense	(1,215)	(876)
Net interest income	**1,643**	**1,197**

4.2.7 Cash and cash equivalents

In millions of ETB	2019	2018
Unrestricted balances with central banks	433	877
Cash and balances with other banks	2,126	1,908
Money market placements	-	-
Total cash and cash equivalents	**2,559**	**2,785**

4.2.8 Classification of financial assets and financial liabilities

The following table shows the original measurement categories and amounts in accordance with IAS 39 as at 30 June 2018 and the new measurement categories and amounts under IFRS 9 for the Bank's financial assets and financial liabilities as at 1 July 2018.

Birr'000			30-Jun-18			1-Jul-18
Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**Re-classification**	**Re-measurement**	**New carrying amount under IFRS 9**
Cash and bank balances	Loans and receivables	Amortised cost	3,884,986		(120)	3,884,866
Loans and advances to customers	Loans and receivables	Amortised cost	13,498,652	-	82,084	13,580,736
Investment securities: Available for sale	Available for sale	FVOCI	94,162	-	12,381	106,543
Investment securities: Loans and receivables	Loans and receivables/Held to maturity	Amortised cost	6,135,822	-	(307)	6,135,515
Other financial assets at amortised cost	Loans and receivables	Amortised cost	301,065	-	-	301,065
Total financial assets			**23,914,688**	**-**	**94,038**	**24,008,726**
Financial liabilities				-		
Deposits from customers	Amortised cost	Amortised cost	21,619,236	-	-	21,619,236
Borrowings	Amortised cost	Amortised cost	203,682	-	-	203,682
Other financial liabilities (including ECL on loan commitments and guarantees)	Amortised cost	Amortised cost	688,481	-	5,221	693,702
Total financial liabilities			**22,511,399**	**-**	**5,221**	**22,516,620**

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

The Bank's accounting policies on the classification of financial instruments under IFRS 9 are set out in **Note 2.6.1**. The application of these policies resulted in the reclassifications set out in the table above and explained below.

On the adoption of IFRS 9, certain financial assets such as cash and cash equivalents, loans and advances tocustomers – both interest bearing and interest free and treasury bills and bonds (NBE bills and government bonds) were reclassified out of the loans and receivable to amortized cost. The carrying amount of those assets wasadjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.

Further equity investment securities were reclassified out available-for-sale categories to FVOCI at their then fair values. The carrying amount of those assets was adjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.

On the adoption of IFRS 9, other financial assets suchaccounts receivables, uncleared effects – both local and foreign and guarantee for overseas employment agencies were reclassified out of the loans and receivable to amortized cost. The carrying amount of those assets was adjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.

The following table summarises the impact of transition to IFRS 9 on the opening balance of the fair value reserve, regulatory risk reserve and legal reserve.

In Birr'000	**Impact of adopting IFRS 9 at 1 July 2018**
Fair value reserve	
Closing balance under IAS 39 (30 June 2018)	-
Reclassification of investment securities (equity) measured at cost from available-for- sale to FVOCI	12,381
Related deferred tax liability	(3,714)
Adjusted opening balance under IFRS 9 (1 July 2018)	**8,667**
Regulatory risk reserve (difference between IFRS and NBE provisions)	
Closing balance under IAS 39 (30 June 2018)	56,339
Recognition of expected credit losses under IFRS 9 on loans and advances to customers (on balance sheet)	82,084
Recognition of expected credit losses under IFRS 9 on cash and balances with banks (on balance sheet)	(120)
Recognition of expected credit losses under IFRS 9 on debt securities-NBE Bills	(307)
Recognition of expected credit losses under IFRS 9 on loan commitments and financial guarantee contracts (off balance sheet)	(5,221)
	76,437
Transfer to legal reserve	(19,109)
Adjusted opening balance under IFRS 9 (1 July 2018)	**113,667**
Legal reserve	
Closing balance under IAS 39 (30 June 2018)	895,548
Recognition of expected credit losses under IFRS 9 on loans and advances to customers (on balance sheet)	20,521
Recognition of expected credit losses under IFRS 9 on cash and balances with banks (on balance sheet)	(30)
Recognition of expected credit losses under IFRS 9 on debt securities-NBE Bills	(77)
Recognition of expected credit losses under IFRS 9 on loan commitments and financial guarantee contracts (off balance sheet)	(1,305)
Adjusted opening balance under IFRS 9 (1 July 2018)	**914,657**

ንብ ኢንተርናሽናል ባንክ አ.ማ. No. 4 Nib International Bank S.C.

ደገፋ እና ቴዎድሮስ የኦዲት አገልግሎት የሕ/ሽ/ማኅበር Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

የኢትዮጵያ ሂሳብ አያያዝና ኦዲት ቦርድ Accounting and Auditing Board of Ethiopia ቁ. 2 0118861296 0111541235 Original Copy Submited to the board

4.2.9 Statement of Prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the National Bank of Ethiopia (NBE) Directives. This is at variance with the expected credit loss model required by IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

The proclamation 'Financial Reporting Proclamation No.847/2014 stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted.

However, Banks would be required to comply with the following:

(a) Provisions for loans recognised in the income statement should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under the NBE Directives and the expected impact/changes in other reserves should be treated as follows:

• Prudential provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve (retained earnings) account to a "regulatory risk reserve".

• Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative

During the period ended 30 June 2019, the Bank transferred an amount of Birr 53 million to the regulatory risk reserve. This amount represents the difference between the provisions for credit and other known losses as determined under the NBE Directives, and the impairment reserve as determined in line with IFRS 9 as at year end.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Total impairment based on IFRS	(194,447)	(205,313)
Total impairment based on NBE Directives	(285,100)	(229,480)
Write-back	90,653	24,167
Legal reserve @ 25%	(22,663)	(6,042)
	67,990	**18,125**
(b) Suspended interest included within various line items under interest income	86,545	72,789
Income tax @30%	(25,964)	(21,837)
	60,582	**50,952**
Legal reserve @ 25%	(15,145)	(12,738)
	45,436	**38,214**
Day 1 adjustment to loss allowance on loans and advances (on balance sheet) as at 1 July 2018.	57,328	
	170,754	**56,339**

Movements in regulatory risk reserve account

As at July 1, 2018	**56,339**
Change in impairment	49,865
Change in suspended interest	7,222
Day 1 adjustment to loss allowance on loans and advances as at 1 July 2019.	57,328
As at June 1, 2019	**170,754**

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

4.3 Liquidity risk

Liquidity risk is the risk that the Bank cannot meet its maturing obligations when they become due, at reasonable cost and in a timely manner. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms.

Liquidity risk management in the Bank is solely determined by Asset Liability Management Committee (ALCO), which bears the overall responsibility for liquidity risk. The main objective of the Bank's liquidity risk framework is to maintain sufficient liquidity in order to ensure that we meet our maturing obligations.

4.3.1 Management of liquidity risk

Cash flow forecasting is performed by the treasury and fund management department. The treasury and fund management department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs.

4.3.2 Maturity analysis of financial liabilities

The table below analyses the Bank's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future.

30 June 2019	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181 - 365 days Birr'000	Over 1 year Birr'000	Total Birr'000
Deposits from customers	1,611,424	1,187,171	1,314,919	1,234,147	22,316,049	27,663,710
Other liabilities	244,888	191,760	67,659	2,112	96,548	602,967
Total financial liabilities	1,856,312	1,378,931	1,382,578	1,236,259	22,412,597	28,266,677

30 June 2018	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181 - 365 days Birr'000	Over 1 year Birr'000	Total Birr'000
Deposits from customers	1,471,697	1,063,168	1,020,938	1,061,629	17,001,804	21,619,236
Other liabilities		651,181				651,181
Total financial liabilities	1,471,697	1,714,349	1,020,938	1,061,629	17,001,804	22,270,417

4.4 Market risk

Market risk is defined as the risk of loss that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities of a financial institutions.

The Bank does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

4.4.1 Management of market risk

The main objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk is monitored by the risk management department on regularly, to identify any adverse movement in the underlying variables.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings obtained at variable rates give rise to interest rate risk.

The Bank's exposure to the risk of changes in market interest rates relates primarily to the Bank's obligations and financial assets with floating interest rates. The Bank is also exposed on fixed rate financial assets and financial liabilities. The Bank's investment portfolio is comprised of Ethiopian government bonds and cash deposits.

The table below sets out information on the exposures to fixed and variable interest instruments.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

30 June 2019	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and cash equivalents	3,931,025		3,931,025
Loans and advances to customers	19,250,471		19,250,471
Investment securities;			-
- Amortized cost-NBE Bills	6,744,262		6,744,262
- Fair value through other comprehensive income		122,680	122,680
Investment in associates		49,377	49,377
Other assets		445,778	445,778
Total	29,925,758	617,836	30,543,593
Liabilities			
Deposits from customers	27,663,710		27,663,710
Other liabilities		-	-
Total	27,663,710	-	27,663,710

30 June 2018	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and cash equivalents	3,884,986		3,884,986
Loans and advances to customers	13,498,652		13,498,652
Investment securities;			-
- Amortized cost-NBE Bills	6,135,822		6,135,822
- Fair value through other comprehensive income		94,162	94,162
Investment in associates		47,606	47,606
Other assets		301,065	301,065
Total	23,519,461	442,833	23,962,294
Liabilities			
Deposits from customers	21,619,236		21,619,236
Other liabilities		688,481	688,481
Total	21,619,236	688,481	22,307,717

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at 30 June 2019 and 30 June 2018. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Bank is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr. The Bank's foreign currency bank accounts act as a natural hedge for these transactions. Management has set up a policy to manage the Bank's foreign exchange risk against its functional currency.

The table below summarises the impact of increases/decreases of 10% on equity and profit or loss arising from the Bank's foreign denominated liabilities and cash and bank balances.

The total foreign currency denominated assets and liabilities exposed to risk as at year end was Birr 645 million (30 June 2018: Birr 675 million).

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

Foreign currency denominated balances

	30 June 2019 Birr'000	30 June 2018 Birr'000
Cash and bank balances	75,477	48,459
Other assets	25,240	33,002
Deposits from customers	(443,800)	(386,195)
Other liabilities	(301,944)	(370,510)
	(645,026)	(675,244)

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The sensitivity of the Bank's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 10% as shown below:

30 June 2019	Carrying amount Birr'000	10% increase in basis point Birr'000	10% decrease in basis point Birr'000
USD	(635,815.70)	(63,582)	63,582
Euro	(10,485.11)	(1,049)	1,049
GBP	1,651.88	165	(165)
Others	(377.45)	(38)	38
	(645,026)	(64,503)	64,503

30 June 2018	Carrying amount Birr'000	10% increase in basis point Birr'000	10% decrease in basis point Birr'000
USD	(686,489)	(68,649)	68,649
Euro	6,205	621	(621)
GBP	3,497	350	(350)
Others	1,543	154	(154)
	(675,244)	(67,524)	67,524

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submited to the board

4.5 Capital management

The Bank's objectives when managing capital are to comply with the capital requirements set by the National Bank of Ethiopia, safeguard its ability to continue as a going concern, and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

4.5.1 Capital adequacy ratio

According to the Licensing & Supervision of Banking Business Directive No SBB/50/2011 of the National Bank of Ethiopia, the Bank has to maintain capital to risk weighted assets ratio of 8% at all times, the risk weighted assets being calculated as per the provisions of Directive No SBB/9/95 issued on August 18, 1995.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base.

Capital includes capital contribution, legal reserve and other reserves to be approved by the National Bank of Ethiopia.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Capital		
Share capital	2,649,974	2,076,219
Share premium	-	18,318
Legal reserve	1,094,844	895,548
Special reserve	2,000	1,900
	3,746,818	2,991,984
Risk weighted assets		
Risk weighted balance for on-balance sheet items	23,246,085	16,751,666
Credit equivalents for off-balance Sheet Items	2,521,321	2,395,289
	25,767,406	19,146,955
Risk-weighted Capital Adequacy Ratio (CAR)	**15%**	**16%**
Minimum required capital	**8%**	**8%**
Excess	1,685,425	1,460,228

4.6 Fair value of financial assets and liabilities

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4.6.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

• Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

• Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

4.6.2 Financial instruments not measured at fair value - Fair value hierarchy

The following table summarises the carrying amounts of financial assets and liabilities at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	30 June 2019 Carrying amount Birr'000	Fair Value Birr'000	30 June 2018 Carrying amount Birr'000	Fair Value Birr'000
Financial assets				
Cash and cash equivalents	3,931,025	3,931,025	3,884,986	3,884,986
Loans and advance to customers	19,250,471	19,250,471	13,498,652	13,498,652
Investment securities				
- Amortzed cost (NBE Bills)	6,744,262	6,744,262	6,135,822	6,135,822
- Fair value through other comprehensive income	122,680	122,680	94,162	94,162
Other assets	445,778	445,778	301,065	301,065
Total	23,181,496	23,181,496	17,383,638	17,383,638
Financial liabilities				
Deposits from customers	27,663,710	27,663,710	21,619,236	21,619,236
Other liabilities	602,966	602,966	688,481	688,481
Total	27,663,710	27,663,710	21,619,236	21,619,236

4.6.3 Transfers between the fair value hierarchy categories

During the two reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

4.7 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

ቁ. 2
0118861296
0111541235
Accounting and Auditing Board of Ethiopia
Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

		30 June 2019 Birr'000	30 June 2018 Birr'000
5	**Interest income calculated using the EIR method**		
	Cash and bank balances	65,942	35,408
	Loans and advances to customers	2,595,038	1,875,089
	Investment securities - loans and receivables	197,514	162,289
		2,858,493	2,072,786

Included within various line items under interest income for the year ended 30 June 2019 is a total of Birr 88 million (30 June 2018: Birr 72 million) relating to impaired financial assets.

		30 June 2019 Birr'000	30 June 2018 Birr'000
6	**Interest expense**		
	Deposits	1,208,915	843,799
	National Bank of Ethiopia Borrowing	-	5,063
	Borrowing from other banks	6,465	26,842
		1,215,379	875,705

		30 June 2019 Birr'000	30 June 2018 Birr'000
7	**Net fees and commission income**		
	Fee and commission income		
	Telegraphic transfer and drafts	1,151	1,634
	Cash payment order	4,132	3,971
	Letters of credit commission and fees	59,229	70,063
	Letters of guarantee	25,472	21,851
	Money transfer commission	1,893	1,659
	Service charges	313,845	215,070
	Other commissions	9,521	8,977
		415,243	323,225
	Fee and commission expense		
	Bank charges/commission	3,344	2,926
	Correspondent fees	682	476
		4,026	3,402
	Net fees and commission income	411,217	319,823

		30 June 2019 Birr'000	30 June 2018 Birr'000
8	**Other operating income**		
	Gain on foreign exchange	-	46,418
	Gain on disposal of properties	1,093	147
	Correspondent charges	1,607	1,819
	Unused provision on legal cases	7,069	-
	Estimation fee	33,640	11,089
	Dividend income	6,906	5,420
	Rent	3,610	1,814
	Other income	11,975	18,032
		65,900	84,740

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

		30 June 2019 Birr'000	30 June 2018 Birr'000
9	**Loan impairment charge**		
	Loans and receivables - charge for the year (note 15)	205,313	159,203
	Day 1 adjustment on loans and advances	(82,084)	-
		(189,984)	(205,313)
		(66,755)	(46,110)

		30 June 2019 Birr'000	30 June 2018 Birr'000
10	**Impairment losses on other assets**		
	Other assets - charge for the year (note 18)	-	1,498
	Other assets - reversal of impairment losses (note 18)	-	-
		-	1,498

		30 June 2019 Birr'000	30 June 2018 Birr'000
11	**Personnel expenses**		
	Short term employee benefits:		
	Salaries	432,060	356,640
	Staff allowances	73,229	67,843
	Other staff expenses	138,598	84,124
	Pension costs:		
	Defined contribution plan	53,926	43,423
	Defined benefit plans (note 25)	5,117	2,103
		702,930	554,133

		30 June 2019 Birr'000	30 June 2018 Birr'000
12	**Other operating expenses**		
	Rental expenses	163,398	138,646
	Advertisement and publicity	17,098	9,323
	Stationary and printing expenses	16,767	14,276
	Phone, telegram and telex expenses	17,180	16,819
	Repairs and maintenance	12,133	11,615
	Insurance	10,304	8,959
	Fuel and lubricants	9,540	6,878
	Loss on foreign exchange	4,841	-
	Audit fee	460	460
	Legal and professional fees	2,329	1,003
	Per diem and travel expenses	4,964	3,596
	Loss on disposal of fixed asset	1,243	167
	Transportation	3,330	3,157
	Entertainment	15,087	12,217
	Provision on legal Cases	-	8,568
	Penality	889	
	Interest on lease payment	1,374	844
	Meeting, workshop and seminars	1,653	3,713
	General assembly meeting	1,285	3,894
	Car and representation allowance	2,958	2,632
	Swift expense	110	130
	Cleaning supplies	1,729	1,360
	License fee	8,889	5,784
	ATM transactions and card personalization	9,811	15,722
	Donation	16,660	51
	Wages	1,446	1,207
	Utility fees	2,437	1,687
	Amortization of operating lease	604	548
	Directors' monthly allowances	1,517	540
	Other operating expenses	13,517	11,370
		343,552	285,165

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

	30 June 2019 Birr'000	30 June 2018 Birr'000
13 Company income and deferred tax		
13a Income tax		
Current income tax	210,702	145,787
Deferred income tax/(credit) to profit or loss	(3,011)	(1,889)
Total charge to profit or loss	207,691	143,898
Tax (credit) on other comprehensive income	544	(3,089)
Total tax in statement of comprehensive income	208,235	140,810

13b Reconciliation of effective tax to statutory tax

The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Profit before tax	928,631	655,200
Add: Disallowed expenses		
Entertainment	15,087	12,217
Impairment losses on other assets	-	1,498
Severance expense	3,338	1,567
Provision for loans and advances as per IFRS	65,571	46,110
Provision for legal cases		8,568
Penality	889	-
Donation	-	51
Depreciation for accounting purpose	72,492	52,527
Amortization for accounting purpose	7,055	7,013
Total disallowable expenses	**164,431**	**129,551**
Less: Allowed expenses		
Depreciation for tax purpose	68,824	53,783
Provision for loans and advances for tax NBE 80%	44,496	41,898
Unsused provision on legal cases	7,069	
Interest income on foregin deposits	179	34
Dividend income taxed at source	6,906	5,420
Interest income taxed at source-NBE Bills	197,514	162,289
Interest income taxed at source-Local Deposit	65,762	35,373
Total allowed expenses	**390,751**	**298,800**
Taxable profit	702,311	485,951
Current tax at 30%	210,693	145,785
Tax on foreign deposit at 5%	9	2
Deferred tax	(3,011)	(1,889)
Income tax expense/ (credit) recognised in profit or loss	**207,691**	**143,898**

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

13c Current income tax liability

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year	137,772	157,090
Charge for the year:		
Income tax expense	210,702	145,787
Payment during the year	(137,772)	(165,104)
Balance at the end of the year	210,702	137,772

13d Deferred income tax

	30 June 2019 Birr'000	30 June 2018 Birr'000
The analysis of deferred tax (assets)/liabilities is as follows:		
Deferred tax liabilities	9,669	8,422
	9,669	8,422

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("P/L), in equity and other comprehensive income are attributable to the following items:

Deferred income tax assets/(liabilities):	At 1 July 2018 Birr'000	Credit/ (charge) to P/L Birr'000	Day 1 effect of securities measured at FVOCI Birr'000	Credit/ (charge) to equity Birr'000	30 June 2019 Birr'000
Property, plant and equipment	(14,596)	2,010	-	-	(12,586)
Post employment benefit obligation	6,174	1,001	-	1,872	9,047
Equity Securities	-	-	(3,714)	(2,416)	(6,130)
Total deferred tax assets/(liabilities)	(8,422)	3,011	(3,714)	(544)	(9,669)

14 Cash and bank balances

	30 June 2019 Birr'000	30 June 2018 Birr'000
Cash in hand	1,106,738	1,490,189
Deposit with local commercial banks	992,004	369,388
Deposit with foreign banks	27,720	48,372
	2,126,462	1,907,948
Deposit with NBE	1,804,704	1,977,038
	3,931,166	3,884,986
Deposits	(141)	-
	3,931,025	3,884,986

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	2,558,834	2,784,796
Non-Current	1,372,191	1,100,190
	3,931,025	3,884,986

14a Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows are the same as on the statement of financial position as the Bank had no bank overdrafts at the end of each reporting period.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance as above	3,931,166	3,884,986
Cash reserve held with the National Bank of Ethiopia	(1,372,191)	(1,100,190)
	2,558,975	2,784,796

15 Loans and advances to customers

	30 June 2019 Birr'000	30 June 2018 Birr'000
Agriculture	133,515	92,164
Manufacturing	3,810,893	3,191,052
Domestic Trade and Service	3,854,823	2,426,407
Transport and communications	270,702	203,691
Hotel and tourism	2,327,673	1,337,212
Export	2,781,757	2,058,794
Import	2,590,609	1,901,831
Building and Construction	3,316,983	1,859,576
Mines, Power and Water	110,658	43,393
Staff loans and advances	218,914	550,081
Personal loans	23,929	39,765
Gross amount	19,440,455	13,703,965
Less: Impairment allowance	(189,984)	(205,313)
	19,250,471	13,498,652

16 Investment securities

	30 June 2019 Birr'000	30 June 2018 Birr'000
Available for sale:		
Equity Investments	122,680	94,162
	122,680	94,162
Loans and receivables:		
Ethiopian Government Bills		
	6,744,599	6,135,822
Loss allowance on Ethiopian Government Bills	(337)	
	6,866,942	6,229,984

No. 4
Nib International Bank S.C.

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	1,104,956	771,070
Non-Current	5,761,986	5,458,914
	6,866,942	6,229,984

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
No. 2
0118861296
0111541235
Original Copy Submited to the board

The Bank hold equity investments in Nib Insurance of 5% (30 June 2018: 5%), Agar Micro Finance S.C of 7% (30 June 2018: 7%,) Jemar Hulegeb Industrial S.C of 9% (30 June 2018: 10%), Eth Switch S.C of 6% (30 June 2018: 8%), Genb Gebeya of 12% (S.C 30 June 2018: 12%) and Ethiopian Reinsurance S.C 1% (30 June 2018: 1%). These investments are unquoted equity securities measured at fair value through other comprehensive income.

17 Investment in Associates

Name of entity	Place of Business/ country of incorporation	Percentage holding	Carrying amount 30 June 2019 Birr'000	30 June 2018 Birr'000
Premier Switch Solution S.C.	Ethiopia	30.11%	49,377	47,606

Nib bank holds unlisted equity investment in Premier Switch Solution S.C (PSS) that is classified as associate. The percentage shareholding held by Nib bank and the cost of the investment is presented above.

Premier Switch Solution S.C (PSS) is a consortium owned by six private banks. It was established in 2009 by the visionary banks to save the high investment cost of the modern payment platform and deliver electronic payment services to financial institutions with a shared system. It commenced operation officially on July 5, 2012 with Birr 165 million.

17.1 Summarised financial information for Premium Switch Solutions S.C

Summarised financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Bank for equity accounting purposes.

a Summarised statement of financial position

	30 June 2019 Birr'000	30 June 2018 Birr'000
Premium Switch Solution S.C		
Current assets	142,317	45,273
Non-current assets	36,474	119,949
Current liabilities	(9,845)	(7,117)
Non-current liabilities	(4,955)	-
Net assets	163,991	158,105

b Summarised statement of comprehensive income

	30 June 2019 Birr'001	30 June 2018 Birr'000
Premium Switch Solution S.C		
Revenue	34,007	43,177
Interest income	10,299	9,743
Other Income	17	14
	44,323	52,934
Expenses	(46,415)	(39,525)
Net profit before tax	(2,092)	13,409
Tax	1,450	(1,612)
Profit after tax	(642)	11,797
Transfer to legal reserve	-	(590)
Net profit for the year	(642)	11,207

No. 4 Nib International Bank S.C.

Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

The amount recognised in the income statement as share of profit from investment in associate during the year is as stated below;

	30 June 2019 Birr'000	30 June 2018 Birr'000
Share of profit(loss) from associate	(193)	3,552
Share of other comprehensive income from associate	(15)	-
	(208)	**3,552**

Accounting and Auditing Board of Ethiopia 0118861296 0111541235 Original Copy Submited to the board

Reconciliation of the above summarised financial information to the carrying amount of the interest in Premium Switch Solution (PSS) Share Company recognised in these financial statements:

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

	30 June 2019 Birr'000	30 June 2018 Birr'000
Opening net assets 1 July	158,105	146,308
Day 1 IFRS adjustment on investment in associate	6,577	-
Profit for the period	(642)	11,797
Other comprehensive income	(50)	-
Closing net assets	163,990	158,105
Bank's share in %	30.11%	30.11%
Bank's share in Birr	49,377	47,605
Carrying amount on the Bank's financial statement	49,377	47,605

18 Other assets

	30 June 2019 Birr'000	30 June 2018 Birr'000
Financial assets		
Receivable from other banks	181,496	172,130
Staff receivables	326	335
Mastercard receivables	5,248	6,427
Visa card receivables	2,999	3,206
Account interest receivables	37,478	15,722
Money transfer receivable	10,956	9,267
Other receivables	217,147	103,850
Gross amount	455,650	310,937
Less: Specific impairment allowance (note 18a)	(9,872)	(9,872)
	445,778	301,065
Non-financial assets		
Prepaid staff asset	67,639	51,529
Reposed collaterals	101,083	66,070
Prepayments	274,654	238,936
Advance payment for building projects	345,594	366,676
Withholding tax receivable	15	1,844
Inventory	19,346	20,593
	808,330	745,648
Net amount	**1,254,108**	**1,046,713**

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	238,503	207,087
Non-Current	1,015,605	839,626
	1,254,108	**1,046,713**

18a Impairment allowance on other assets

A reconciliation of the allowance for impairment losses for other assets is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year	9,872	8,374
(Reversal)/charge for the year (note 10)	-	1,498
Balance at the end of the year	9,872	9,872

18b Inventory

A breakdown of the items included within inventory is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Stationery	3,123	3,988
Uniform	2,140	1,072
Token	149	149
Stamps	323	398
Signs	38	38
Stock of fuel coupons	1,078	1,327
Gold and silver coins	27	27
Cheque book	3,085	4,811
Other stock	9,382	8,781
	19,346	20,592

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

	30 June 2019 Birr'000	30 June 2018 Birr'000
19 Investment property		
Cost:		
At the beginning of the year	24,378	23,786
Acquisitions	-	592
At the end of the year	24,378	24,378
Accumulated amortisation:		
At the beginning of the year	507	205
Charge for the year	463	302
At the end of the year	970	507
Net book value	23,408	23,871

19a Amounts recognised in profit or loss for investment properties

	30 June 2019 Birr'000	30 June 2018 Birr'000
Rental income (Note 8)	3,610	1,814
Direct operating expenses from property that generated rental income		
	3,610	1,814

19b Fair value measurement of the Bank's Investment properties

The Bank's investment property is measured at cost. These properties include those held for rental purposes and those in which the Bank occupies an insignificant portion. These properties are held to earn rentals and for capital appreciation. There are currently no restrictions on the realisability of these properties.

Investment property is initially measured at cost including transaction costs and subsequently measured at depreciated cost (less any accumulated impairment losses). Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives of 50 years. The fair value of investment properties has been disclosed as required.

The fair value of the Bank's Investment property as at 30 June 2019 has been arrived at by the Bank's internal Engineers . Based on the appropriateness of valuation techniques, the Bank have valued its investment properties by:

i. **Sales Comparison:** This approach is a real estate appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The Bank preferred this technique as condo houses have nearly same features to real estate houses. The valuation process have based comparisons of properties having high similar features such as location, access frontages, distance from main road, gross external/internal area, rent price per square meter etc. The determination has also taken into account the geography of where the condos are located and the condition of the local topography that has direct effects on the value assigned to all comparable properties. The real sales price and ask prices of the comparison properties were taken and the necessary adjustments were performed in order to make the subject properties fairly closer to the comparisons.

ii. **Income Approach:** is a valuation technique that converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. Accordingly, the rent income generated from similar properties and the corresponding expenses were also analyzed.

No. 4 Nib International Bank S.C.

Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia 0118861296 0111541235 Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

19c Fair value hierarchy

Details of the Bank's Investment properties and information about the fair value hierarchy at 30 June 2019 and 30 June 2018 respectively are as follows:

30 June 2019	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	23,408			34,012

30 June 2018	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	23,871			30,884

20 Intangible Assets

	Purchased software Birr'000	Total Birr'000
Cost:		
As at 1 July 2018	**99,890**	**99,890**
Acquisitions	617	617
As at 30 June 2019	**100,507**	**100,507**
Accumulated amortisation and impairment losses		
As at 1 July 2018	72,248	72,248
Amortisation for the year	7,054	7,054
Impairment losses		-
As at 30 June 2018	79,302	79,302
Net book value		
As at 30 June 2018	**27,642**	**27,642**
As at 30 June 2019	**21,205**	**21,205**

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

	Buildings Birr'000	Motor vehicles Birr'000	Furniture and fittings Birr'000	Computer equipments Birr'000	Capital work in Progress Birr'000	Total Birr'000
21 Property, plant and equipment						
Cost:						
As at 1 July 2018	96,857	132,569	259,952	178,104	1,494,486	2,161,967
Additions	70,552	4,700	25,225	17,505	345,505	463,488
Transfer to investment property						-
Disposals		(401)		(35)		(436)
As at 30 June 2019	**167,409**	**136,868**	**285,177**	**195,574**	**1,839,991**	**2,625,019**
Accumulated depreciation						
As at 1 July 2018	4,923	62,080	99,994	65,502	-	232,500
Charge for the year	2,086	9,494	38,450	21,999	-	72,029
Transfer to investment property						-
Disposals		(385)		(16)		(401)
As at 30 June 2019	**7,010**	**71,190**	**138,444**	**87,485**	**-**	**304,128**
Net book value						
As at 30 June 2018	**91,934**	**70,488**	**159,958**	**112,602**	**1,494,486**	**1,929,467**
As at 30 June 2019	**160,399**	**65,678**	**146,733**	**108,089**	**1,839,991**	**2,320,890**

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia
0118861296
0111541235
Original Copy Submited to the board

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

	30 June 2019 Birr'000	30 June 2018 Birr'000
22 Deposits from customers		
Demand deposits	5,387,167	4,758,610
Saving deposits	13,332,478	10,443,519
Special saving deposit	4,412,805	2,561,895
Fixed term deposits	4,531,260	3,855,212
	27,663,710	21,619,236

	30 June 2019 Birr'000	30 June 2018 Birr'000
23 Borrowings		
Zemen Bank	-	203,682
	-	203,682

Borrowing from Zemen Bank relates to term loan and overdraft of 100 million respectively received from Zemen bank for a period of one year.

23a Reconciliation of bank borrowings

A reconciliation of the changes in borrowings is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year		
Proceeds from borrowings	-	200,000
Repayment of borrowings	-	-
Accretion of interest	-	3,682
Balance at the end of the year	-	203,682

	30 June 2019 Birr'000	1 July 2018 Birr'000
24 Other liabilities		
Financial liabilities		
Margin held on letter of credit	115,172	200,832
Deposit for Guarantees Issued	8,447	2,593
Cash payment order payable	258,541	324,771
Exchange payable to NBE	10,175	26,328
Current accounts blocked	35,868	8,648
Staff accrued leave pay	56,695	45,756
Bonus accrued	64,015	54,254
Customers loan deposit accounts	2,742	2,174
Due to other banks	43,048	19,084
Telegraphic transfer payable	3,035	1,566
Money transfer payable	1,243	2,475
Loss allowance on loan commitment & financial guarantee	3,985	-
	602,966	688,481

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

Non-financial liabilities

Defined Contribution liabilities	2,559	1,929
Stamp Duty Payable	3,344	2,662
Other tax payable	16,822	14,795
Other payables	719,197	537,898
Dividend payable	45,454	71,962
Board of director's allowance	1,800	1,100
	789,177	630,346
Gross amount	**1,392,144**	**1,318,827**

Maturity analysis	**30 June 2019 Birr'000**	**30 June 2018 Birr'000**
Current	1,295,596	1,264,423
Non-Current	96,548	54,404
	1,392,144	**1,318,827**

	30 June 2019 Birr'000	**1 July 2018 Birr'000**
25 Retirement benefit obligations		
Defined benefits liabilities:		
– Severance pay (note 25a)	30,157	20,581
Liability in the statement of financial position	**30,157**	**20,581**
Income statement charge included in personnel expenses:		
– Severance pay (note 25a)	5,117	2,103
Total defined benefit expenses	**5,117**	**2,103**
Remeasurements for:		
– Severance pay (note 25a)	6,239	10,296
	6,239	**10,296**

The income statement charge included within personnel expenses includes current service cost, interest cost, past service costs on the defined benefit schemes.

25a Severance pay

The Bank operates an unfunded severance pay plan for its managerial employees who have served the Bank for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund). The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as thirty times the average daily salary of the last week of service for the first year of service and one-third of the said sum for the rest of service years, provided that the total amount is not exceed twelve month's salary.

Below are the details of movements and amounts recognised in the financial statements.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

	30 June 2019 Birr'000	1 July 2018 Birr'000
A Liability recognised in the financial position	30,157	20,581

B Amount recognised in the profit or loss	30 June 2019 Birr'000	30 June 2018 Birr'000
Current service cost	2,273	751
Interest cost	2,844	1,352
	5,117	2,103

C Amount recognised in other comprehensive income:		
Remeasurement (gains)/losses arising from changes on economic assumptions	2,276	6,490
Remeasurement (gains)/losses arising from changes on experience	3,963	3,806
Tax credit /(charge)		-
	6,239	10,296

The movement in the defined benefit obligation over the years is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	20,581	8,718
Current service cost	2,273	751
Interest cost	2,844	1,352
Remeasurement (gains)/ losses	6,239	10,296
Benefits paid	(1,779)	(536)
At the end of the year	30,158	20,581

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2019 Birr'000	30 June 2018 Birr'000
Discount Rate (p.a)	12.25%	13.03%
Long term salary increase(p.a)	12.00%	12.00%
Average Rate of Inflation (p.a)	10.00%	10.00%

ii) Mortality in Service

The rate of mortality assumed for employees are those published in the Demographic and Health Survey ("DHS") 2016 report compiled by the CSA. The DHS report provides male and female mortality rates for 5 year age bands from age 15 to age 49. For ages over 47 we have assumed that mortality will be in line with the SA85/90 ultimate standard South African mortality tables published by the Actuarial Society of South Africa ("ASSA"), since the rates in these tables are similar to the DHS female mortality rate at age 47. These rates combined are approximately summarized as follows:

10%

Age	Mortality rate Males	Females
20	0.00306	0.00223
25	0.00303	0.00228
30	0.00355	0.00314
35	0.00405	0.00279
40	0.00515	0.00319
45	0.00450	0.00428
50	0.00628	0.00628
55	0.00979	0.00979
60	0.01536	0.01536

iii) Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed a rate of withdrawal of 15% at the youngest ages falling with increasing age to 2.5% at age 45.

The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

	Impact on defined benefit obligation				
		30 June 2019		30 June 2018	
	Change in assumption	Impact of an increase Birr'000	Impact of a decrease Birr'000	Impact of an increase Birr'000	Impact of a decrease Birr'000
Discount and Inflation rate	0.5%	(1,099)	1,395	(1,349)	1,449

	Impact on current service cost				
		30 June 2019		30 June 2018	
	Change in assumption	Impact of an increase Birr'000	Impact of a decrease Birr'000	Impact of an increase Birr'000	Impact of a decrease Birr'000
Discount and Inflation rate	0.5%	(1,393)	1,097	(112)	120

The expected contribution to post-employment benefit plan for the year ending 30th June 2018 is 21 million.

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. The average duration of the severance pay plan at the end of the reporting period is 13 years (30 June 2018: 15 years)

26 Share capital and share premium	30 June 2019 Birr'000	1 July 2018 Birr'000
Authorised:		
Ordinary shares of Birr 500 each	5,000,000	2,200,000
Issued and fully paid:		
Ordinary shares of Birr 500 each	2,649,974	2,076,219
Share premium	-	18,318
Total share capital and share premium	2,649,974	2,094,536

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

26.1 Movements in ordinary shares and share premium:

	No. of shares (thousands)	Share capital Birr'000	Share premium Birr'000	Total Birr'000
At 1 July 2018	4,152	2,076,219	18,318	2,094,536
Issued during the year	1,148	573,755	(18,318)	555,437
As at 30th June 2019	5,300	2,649,974	-	2,649,974

27 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the year.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Profit attributable to shareholders	720,746	514,854
Weighted average number of ordinary shares in issue	4,684	3,839
Basic & diluted earnings per share (Birr)	154	134

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2018:nill), hence the basic and diluted earning per share have the same value.

28 Retained earnings

	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	332,077	358,680
Profit/Loss for the year	720,746	514,854
Other comprehensive income	-	(7,207)
Transfer to other comprehensive income	6,758	-
Effect of IFRS day 1 adjustment on bank's share of associates income	1,980	-
Transfer to regulatory risk reserve	(57,087)	(20,005)
Transfer to legal reserve	(180,187)	(126,912)
Transfer to special reserve	(100)	(100)
Loss allowance on deposits with other banks		
Dividend paid	(332,077)	(386,133)
Board of directors' remuneration	(1,800)	(1,100)
At the end of the year	**490,311**	**332,077**

29 Legal reserve

	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	895,548	768,636
Transfer from profit or loss	180,187	126,912
Day 1 adjustment on loan loss alowance	20,521	-
Day 1 adjustment on cash and bank balance	(30)	-
Day 1 adjustment on Amortzed cost (Loans and receivables-NBE Bills)	(77)	-
Day 1 adjustment on loss allowance on loan commitment & financial guarantee	(1,305)	-
At the end of the year	1,094,844	895,548

The NBE Directive No. SBB/4/95 requires the Bank to transfer annually 25% of its annual net profit to its legal reserve account until such account equals its capital. When the legal reserve account equals the capital of the Bank, the amount to be transferred to the legal reserve account will be 10% (ten percent) of the annual net profit.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

	30 June 2019 Birr'000	30 June 2018 Birr'000
30 Special reserve		
At the beginning of the year	1,900	1,800
Transfer from profit or loss	100	100
At the end of the year	2,000	1,900

The Banking business proclamation No. 592/2008, Art. 21(7) requires a bank to (i) either set aside adequate funds for the purpose of making good any loss resulting from the negligence or dishonesty of any director or employee of the bank and any losses caused by any other unexpected events or circumstances or (ii) insure itself against such losses. The Bank opted to maintain a special reserve. The Bank transfers 100,000 Birr of its annual profits after tax to this reserve.

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
31 Cash generated from operating activities			
Profit before income tax		928,437	658,752
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	21	72,492	52,527
Amortisation of intangible assets	20	7,055	7,013
(Gain)/Loss on disposal of property, plant and equipment	21	149	19
Impairment on loans and receivables	15	65,571	46,110
Impairment on other assets	10	-	1,498
Net interest income		(1,643,114)	(1,197,081)
Retirement benefit obligations	25	5,117	2,103
Changes in working capital:			
-Decrease/ (Increase) in loans and advances to customers	15	(5,736,489)	(2,872,347)
-Decrease/ (Increase) in restricted deposits	14	(272,001)	(283,000)
-Decrease/ (Increase) in other assets	18	(207,395)	262,023
-Increase/ (Decrease) in other liabilities	24	69,365	113,160
		(6,710,812)	(3,209,223)

In the statement of cash flows, profit on sale of property, plant and equipment (PPE) comprise:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Proceeds on disposal	149	19
Net book value of property, plant and equipment disposed (Note 20)	-	-
Gain/(loss) on sale of property, plant and equipment	149	19

No. 4 Nib International Bank S.C.

Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

Accounting and Auditing Board of Ethiopia 0118861296 0111541235 Original Copy Submited to the board

32 Related party transactions

A number of transactions were entered into with related parties in the normal course of business. These are disclosed below:

	30 June 2019 Birr'000	30 June 2018 Birr'000
a *Transactions with related parties*		
Loans and advances to key management	37,009	65,437
`	37,009	65,437

b *Key management compensation*

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Bank. The compensation paid or payable to key management for is shown. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2019.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Salaries and other short-term employee benefits	11,849	10,152
Post-employment benefits	1,540	1,320
Sitting allowance	434	415
	13,823	11,887

Compensation of the Bank's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans.

33 Directors and employees

i) The average number of persons (excluding directors) employed by the Bank during the year was as follows:

	30 June 2019 Number	30 June 2018 Number
Managerial and Supervisory	306	246
Professional	497	478
Clerical	1,747	1,531
Non-Clerical	2,422	2,077
	4,972	4,332

34 Contingent liabilities

33a Claims and litigation

The Bank is a party to numerous legal actions brought by different organizations and individuals arising from its normal business operations. The maximum exposure of the Bank to these legal cases as at 30 June 2019 is Birr 71 million (30 June 2018: Birr 83 million). As of June 30, 2019, a provision of Birr 10.7 million has been held for these legal cases (June 30 2018:17.7 million).

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
NOTE TO THE FINANCIAL STATMENTS

33b *Guarantees and letters of credit*

The Bank conducts business involving performance bonds and guarantees. These instruments are given as a security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Guarantees issued	960,237	813,697
Letters of credit	186,703	378,703
Memorandum on letters of credit	(409,635)	(168,082)
	737,305	1,024,318

35 Commitments

The Bank has commitments not provided for in these financial statements. They include construction of buildings and loans not disbursed yet.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Loan commitments	1,864,989	1,902,364
Purchase commitments	1,151,981	959,272
	3,016,970	2,861,637

36 Operating lease commitments - Bank as lessee

The Bank leases various properties under non-cancellable operating lease agreements. The lease terms are between two and five years, and majority of these lease agreements are renewable at the end of each lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
No later than 1 year	16,162	11,072
Later than 1 year and no later than 2 years	145,847	245,431
Later than 2 years but not later than 5 years	156,299	7,975
Total	318,308	264,478

37 Events after reporting period

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Bank as at 30 June 2019 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

NOTE

Addresses of Branches by Region

NORTH EAST ADDIS ABABA DISTRICT

S.N	Name	Telephone	Fax
1	Adi - Haqi	034- 240 21 54	034- 240 49 96
2	Adigrat	034- 245 08 57	034- 245 08 83
3	Africa Avenue	011- 661 10 05	011- 661 09 97
4	Africa Avenue	011- 661 10 05	011- 661 09 97
5	Aware	011- 557 82 78	011- 557 98 70
6	Axum	034- 275 05 90	034- 275 16 31
7	Ayat Adebabay	011- 639 05 40	011- 639 05 37
8	Ayat Mall	011- 639 07 85	011- 639 15 46
9	Ayiteyef	033- 312 24 56	033- 312 32 26
10	Beshale	011- 667 73 99	011- 667 73 35
11	Bisrate Gabriel	011 -320 35 34	011- 320 35 50
12	Bole 24	011 - 6 67 46 99	011- 667 46 40
13	Bole Arabsa	011- 612 55 14	011- 612 56 22
14	Bole Atlas	011- 689 20 49	011- 689 20 58
15	Bole Brass	011-641 50 19	011-664 29 72
16	Bole Eniredada	011- 662 53 47	011- 662 53 49
17	Bole Medhanealem	011- 662 23 22	011 -662 23 21
18	Bole Millennium	011- 635 81 47	011- 635 81 03
19	Bole Shalla	011- 635 80 18	011- 635 81 18
20	Bole Stadium	011- 635 81 12	011- 689 20 58
21	Bole	011 -663 38 13	011 -663 33 34
22	CMC	011- 667 08 11	011-667 07 42
23	Deber Birhan	011- 681 27 01	011-681 23 83
24	Dessie	033 -112 51 10	033 -112 51 09
25	Engliz Embassy	011- 668 72 93	011- 668 66 15
26	Gerji	011- 639 46 61	011- 639 50 73
27	Gerji Giorgis	011- 639 45 34	011- 639 56 44
28	Gerji Meberat Hail	011- 667 61 49	011- 667 61 23
29	Gurd Shola	0116-47 92 72	011- 647 40 67
30	Haya Hulet Mazoria	011- 644 78 58	011- 664 99 18
31	ILRI	011- 647 16 83	011- 667 74 53
32	Imperial	011- 667 48 22	011- 667 46 50
33	Jacros Beshale	011 - 66 14 94	011 - 666 13 71

34	Jacros	011 - 667 76 50	011 - 667 74 66
35	Jan Meda	011-126 19 06	011- 126 09 86
36	Kara	011- 665 88 47	011- 666 44 30
37	Kombolcha	033- 351 75 26	033- 351 11 42
38	Kotebe	011 - 645 12 94	011- 645 13 07
39	Kotebe Gebeya	011- 668 02 91	011- 668 04 06
40	Lakomelza	033- 312 82 69	033- 312 25 09
41	Lamberet	011- 667 53 57	011- 667 53 11
42	Lem Megenagna	011- 659 04 46	011- 659 19 86
43	Megenagna	011-667 38 23	011-667 38 26
44	Megenagna Derartu Tulu	011 - 668 70 55	011 - 668 70 58
45	Mehal Summit	011-667 96 76	011- 667 95 98
46	Mekelle	034- 440 93 00	034- 441 10 95
47	Meri Loque	011-668 01 64	011- 668 01 03
48	Mesebo	034- 240 51 31	034- 240 51 85
49	Moenco	011- 668 72 27	011- 668 64 96
50	Sealite Mehiret	011- 667 64 35	011- 667 62 74
51	Shalla Area	011- 635 80 94	011- 635 81 33
52	Shire	034- 444 15 20	034- 444 34 25
53	Sholla	011- 662 26 94	011- 662 16 71
54	Sholla Gebeya	011 - 639 07 06	011 - 659 17 82
55	Summit	0118-35 28 94	011- 668 34 68
56	Tele Medhanealem	011 - 667 17 72	011 - 667 17 75
57	Woldiya	033- 431 20 73	033- 431-06 81
58	Wossen	011- 668 13 10	011- 668 02 68
59	Wuha limat	011- 636 22 67	011- 363 22 68
60	Wukiro	034- 443 12 34	034- 443 12 41
61	Yeka Abado	011- 550 32 88	------
62	Yerer Ber	011- 647 95 01	011- 647 95 11
63	Yerer Goro	011- 667 78 36	011- 667 77 90

CENTRAL ADDIS ABABA DISTRICT

S.N	Name		
1	Aba koran	011-126 60 52	011-126 60 66
2	Abinet	011-277 00 73	011-277 94 91
3	Abinet Adebabay	011- 229 90 37	011- 229 9082

4	Abune Petros	011-126 78 58	011- 126 77 03
5	Adarash	011- 275 85 75	011- 277 02 20
6	Addis Ketema	011- 277 39 41	011- 277 39 44
7	Amist Killo	011- 154 16 28	011- 154 10 77
8	Arada	011- 157 41 86	011- 157 41 87
9	Arat Killo	011- 126 48 33	011-126 49 42
10	Asfaw Wossen	011- 273 54 69	011- 273 55 49
11	Balcha Abanefiso	011- 554 80 05	011 -554 80 04
12	Bekilo Bet	011- 470 39 83	011- 470 68 21
13	Cathedral	011 -156 96 73	011 -156 96 74
14	Cinema Ras	011- 273 30 57	011- 273 35 42
15	D'Afrique	011- 515 03 15	011- 515 04 56
16	Ferensay Legasion	011- 154 85 44	011-154 85 89
17	Habtegiorgis	011 -156 49 76	011- 156 49 88
18	Kazanchis	011- 558 63 99	011- 558 52 65
19	Kirkos	011- 470 31 91	011- 470 32 39
20	Main	011 -551 76 02	011- 551 75 69
21	Mamokacha	011- 552 01 60	011 -552 01 62
22	Mehal Merkato	011 -278 53 35	011- 278 53 38
23	Merkato Mirab	011- 273 23 53	011- 273 22 95
24	Meskel Flower	011- 470 07 35	011- 470 07 54
25	Militery Tera	011- 273 36 18	011- 273 36 74
26	Peacock	011- 557 22 01	011- 557 22 36
27	Raguel	011- 213 94 00	011- 278 91 00
28	Ras	011- 554 03 48	011- 553 68 20
29	Senga Tera	011- 557 54 27	011- 557 54 28
30	Sidamo Tera	011- 273 36 83	011- 273 28 43
31	Stadium	011- 531 92 02	011- 531 92 54
32	Tana	011- 276 53 51	011 -276 53 50
33	Tatari	011 -278 12 86	011 -213 00 82
34	Tekle Hayimanot	011- 277 92 99	011 -277 26 06
35	Temnja Yazje	011- 470 41 24	011- 470 42 23
36	Tewodros Adebaby	011- 111 86 43	011- 111 08 20
37	Tigat	011 -585 52 56	011 -558 52 33
38	Tikur Anbessa	011- 171 91 51	011- 171 90 30
39	Tiret	011- 273 39 24	011- 213 29 88
40	Urael	011- 557 72 39	011- 557 71 79

41	Wollo Sefer	011- 552 92 53	011- 552 98 56
42	Yekake Wurdot	011- 273 30 92	011- 273 28 67

NORTH WEST ADDIS ABABA DISTRICT

S.N	Name	Telephone	Fax
1	Addisu Gebeya	011 -127 02 40	011- 127 01 25
2	Alem Bank	011-369 45 17	011-369 45 13
3	Alem Gena	011- 387 05 53	011- 387 04 08
4	Ambo	011- 236 02 10	011- 236 14 46
5	Anfo	011- 369 68 84	011- 369 75 69
6	Arada Giorgis	011- 126 78 02	011- 126 72 85
7	Ashewa Meda	011- 260 12 53	011-260 17 75
8	Asko	011 -273 04 03	011 - 273 04 15
9	Ayer Tena	011- 369 34 10	011- 369 34 18
10	Bahir Dar	058 -226 62 42	058 -226 62 44
11	Bahir Dar Gebeya	058 - 320 00 93	058 320 00 98
12	Bethel	011-369 64 45	011- 369 64 04
13	Bonga	047- 331 25 26	047- 331 18 50
14	Buie	046- 883 05 18	046- 883 05 56
15	Dangila	058- 221 20 42	058- 221 2 53
16	Dar Mar	011- 557 79 53	011- 557 91 28
17	Debere Markos	058- 178 37 35	058-178-24 25
18	Ehil Berenda	011 -275 87 22	011- 275 87 20
19	Enqulal Fabrica	011- 273 62 48	011- 273 66 48
20	Finote Selam	058- 775 22 22	058- 775 21 07
21	Furi	011-367 91 21	011-367 91 31
22	Gambela	047-551 03 09	047-551 07 91
23	Geja Sefer	011- 557 97 51	011- 557 78 45
24	Gimbi	057- 771 26 03	057- 771 28 10
25	Gonder	058- 112 18 91	058- 112 17 97
26	Gonder Maraki	058- 211 50 61	058- 211 50 44
27	Holeta	011- 261 09 81	011- 261 03 35
28	Humera	034 -448 09 39	034- 448 04 25
29	Jimma	047- 112 12 34	047- 112 12 32
30	Jimma Abajifar	047- 211 85 15	047- 211 71 65
31	Jimma Meneharia	047- 211 09 43	047- 211 36 09
32	Kara Kore	011- 369 38 92	011- 369 36 23

33	Kella	046-464 02 60	046-464 05 41
34	Kolfe	011-273 80 55	011-273 80 59
35	Kolfe 18 Mazoria	011-273 80 55	011-273 80 59
36	Kolfe Efoyita	011- 279 93 86	011-279 52 72
37	Kolfe Taiwan	011- 273 96 01	011- 273 94 85
38	Lideta	011- 557 81 37	011- 557 91 13
39	Lomi Meda	011- 273 99 10	011- 273 99 46
40	Metema Yohannes	058 -231 08 11	058-231 08 07
41	Mizan Aman	047- 135 43 89	047- 135 43 89
42	Nekemet	057- 661 32 11	057-661 31 66
43	Rufael	011-259 19 32	011-259 20 75
44	Sebeta	011- 338 02 22	011- 338 02 08
45	Sefere Selam	011-213 91 89	011-278 15 89
46	Sheger Menafesha	011- 126 49 51	011- 126 52 67
47	Sidist Killo	011- 126 18 57	011- 126 17 40
48	Sululta	011- 161 74 87	011- 161 77 68
49	Tepi	047- 556 28 32	047- 556-28-36
50	Tiya Bitwoded Bahiru	046- 264 02 38	046- 264 01 82
51	Torhailoch	011-337 71 57	011-320 43 55
52	Wechecha	011-367 92 46	011- 367 92 28
53	Woliso	011- 341 34 42	011-341 32 80
54	Woreta	058-446 15 31	058- 446 18 40
55	Zeneb Work Adebabay	011- 369 98 49	011- 369 88 87

SOUTH EAST ADDIS ABABA DISTRICT

S.N	Name		
1	Ada Bishoftu	011-430 19 61	011- 430 75 38
2	Adama	022-112 48 44	022- 112 51 88
3	Adama Menharia	022-211 27 29	022-211 22 56
4	Addisu Michael	011- 273 69 73	011- 273 69 61
5	Afetesa	025- 211 04 16	025-211 03 40
6	Akaki Gebeya	011- 471 51 85	011- 471 51 84
7	Akaki Total	011- 471 59 92	011- 471 69 35
8	Arareti	022- 223 07 10	022- 223 06 13
9	Assela	022-238 0015	022-238 00 24
10	Awash Sebat Killo	022- 224 11 87	022- 224 11 95
11	Awebere	025-777 00 37	025-777 00 36

12	Aweday	025 -662 01 54	025- 662 04 62
13	Bekoji	022- 332 14 43	022- 332 14 93
14	Berecha	022- 211 23 06	022- 211 46 33
15	Bishoftu	011 -433 75 27	011- 433 04 20
16	Bisrate Gabriel	011 -320 35 34	011- 320 35 50
17	Bole Bulbula	011 - 71 40 43	011 - 471 48 64
18	Bole Michael	011- 639 21 51	011- 639 21 17
19	Bunna Board	011- 470 09 11	011 – 470 96 34
20	Dire Dawa	025-111 93 43	025-112 34 92
21	Dukem	011-432 06 52	011-432 06 53
22	Gofa Gabriel	011- 470 13 41	011- 470 22 36
23	Gofa Mazoria	011- 416 06 61	011-416 04 05
24	Gotera	011- 466 46 34	011- 466 46 89
25	Gotera Ibex	011- 470 26 59	011- 470 09 49
26	Gotera Pepsi	011- 470 48 19	011- 470 64 09
27	Hana Mariam	011 - 471 11 64	011- 471 11 63
28	Harar	025 -667 06 74	025 -667 10 76
29	Huruta	022- 334 11 51	022- 334 10 84
30	Jemmo	011- 471 35 47	011- 471 37 88
31	Jijiga	025- 278 00 76	025 278 00 33
32	Jijiga Shebele	025- 278 43 60	025- 278 83 56
33	Kality	011 -439 10 89	011 -439 53 26
34	Kality Meneharia	011- 471 64 05	011-471 63 78
35	Kera Sarbet	011- 369 22 34	011- 369 09 52
36	Keziar Main	025- 211 55 19	025-2114249
37	Lafeto	011-471 09 48	011- 471 09 38
38	Lebu	011- 471 29 56	011-896 36 34
39	Lebu Muzika Sefer	011- 471 39 75	011- 471 39 74
40	Logiya	033- 550 11 96	033- 550 11 97
41	Mehale Arada Adama	022 -111 85 55	022- 111 85 52
42	Mekanissa Michael	011-369 89 72	011-369 85 63
43	Modjo	022-236 00 13	022-236 00 30
44	Nefas Silk	011 -442 56 95	011- 442 56 96
45	Sagure	022- 338 11 01	----
46	Saris	011- 470 77 72	011- 470 77 73
47	Saris Abo	011- 470 86 94	011- 470 83 44
48	Saris Addisu Sefer	011- 470 84 20	011- 470 84 21

49	Saris Dama	011- 470 81 63	011- 470 81 79
50	Togochale	025- 882 01 28	025- 882 01 29
51	Tulu Dimtu	011- 835 28 83	-----
52	Vatican	011- 369 05 90	011- 369 28 87

HAWASSA DISTRICT

S.N	Name		
1	Aleta Wendo	046- 227 10 33	046- 224 10 06
2	Arsi Negele	046-116 26 70	046- 116 25 59
3	Awasho	046- 211 96 52	046- 211 69 62
4	Bale Robe	022-665 04 84	022-665 00 89
5	Batu	046- 841 02 20	046- 441 09 33
6	Buie	046- 883 05 18	046- 883 05 56
7	Bule Hora	046- 443 02 92	046- 443 11 04
8	Dilla	046- 331 43 31	046- 331 39 25
9	Dilla Edget	046- 331 01 13	046- 331 01 02
10	Hasesa	022- 363 12 26	022- 363 12 29
11	Hawassa	046 -220 71 78	046- 220 71 81
12	Hawassa Alamura	046- 212 87 42	046- 212 79 54
13	Hawassa Arab Sefer	046-212 38 26	046-212 46 17
14	Hawassa Atote	046- 212 15 16	046- 212 12 91
15	Hawassa Warka	046 - 212 00 12	046- 212 00 05
16	Meki	022- 118 00 13	022-118 01 14
17	Oda Shashemene	046-211 00 35	046-211-00 44
18	Shashemene	046- 110 26 23	046- 110 42 89
19	Shashemene Harufa	046- 211 25 09	046- 211 16 75
20	Yirga Alem	046- 225 19 96	046-225 10 84
21	Yirgachefe	046 - 332 05 43	046-332 00 90

HOSSA'ENA DISTRICT

S.N	Name		
1	Agena	011- 329 05 96	011-329 03 69
2	Angacha	046- 340 04 34	046- 340 04 24
3	Arba Minch	046 -881 20 12	046- 881 41 74
4	Areka	046- 552 15 25	046- 552 15 26
5	Areqit	011- 311 09 08	011- 311 08 08
6	Boditi	046- 559 09 25	046- 559 09 30
7	Butajira	046 -115 07 52	046- 115 14 61

8	Darge	011- 884 02 68	-----
9	Domobya	046 - 245 03 14	046 - 245 02 43
10	Doyogena	046- 244 04 13	046- 244 04 89
11	Durame	046- 554 14 58	046- 554 17 77
12	Emdibir	011- 331 03 80	011- 331 03 17
13	Fonqo	046- 263 03 74	046- 263 04 03
14	Gimbichu	046- 772 07 99	---
15	Gubre	011 - 322 03 30	011- 322 03 23
16	Gunchire	011- 332 05 75	011-332 07 35
17	Hadero	046-432 01 00	046-432 02 41
18	Halaba Kulito	046- 556 15 55	046- 556 17 71
19	Hawariyat	011- 343 07 39	011- 343 04 57
20	Homicho	046- 251 06 47	046- 251 06 46
21	Hossa'ena	046- 555 03 71	046- 554 44 44
22	Hossa'ena Batena	046- 178 05 41	046- 178 05 43
23	Hossa'ena Gebeya	046 - 178 98 02	046 - 178 28 55
24	Hossa'ena Gombora	046- 178 58 96	046- 178 71 30
25	Hossa'ena Menaharia	046- 555 24 21	046- 555 29 73
26	Inseno	046- 558 04 11	046- 558 04 11
27	Kose	046 - 855 90 79	----
28	Lera	046- 234 03 65	046- 234 03 94
29	Mareko Kosie	046 - 465 06 71	046 - 465 04 81
30	Mudulla	046- 235 07 01	046- 235 04 63
31	Qwante	046- 328 26 03	046- 328 26 01
32	Sankura	046- 237 04 03	046- 237 04 66
33	Shinshicho	046 - 339 06 70	046- 339 08 11
34	Shone	046 - 553 06 12	046- 553 06 14
35	Werabe	046 - 771 05 44	046- 771 03 27
36	Werabe Duna	046 - 771 07 74	----
37	Wolayta Sodo	046 -180 00 20	046- 180 06 00
38	Wolkite	011 -330 25 41	011 - 330 25 44
39	Yejoka	011 - 365 80 31	011- 365 65 80
40	Zebidar	046 -115 05 43	046-115 01 30

ATM LOCATIONS

Addis Ababa

Branches Name	Location
Abune Petros	Addis Ababa City, Piazza Area
Abinet Adebabay	Molla Maru, Jos Hansson Bldg.
Addisu Gebeya	Addisu Gebeya Area, Around Ajip Taxi Tera
Addisu Michael	Addisu Michael Area, Adjacent to Michael Church
Africa Avenue	Bole Area, in front of Novis Super Market
Akaki Total	Addis Ababa City, Akaki Area
Alem Bank	Alem Bank Adebabay Area
Arada	Piassa area, in front of Empire Cinema
Arat Killo	Arat Killo Area, Adjacent to Total Gas Station
Asfaw Wessen	Mearkato Area
Asko	Burayu Taxi Tera Area, Akililu Agew Bldg.
Ayer Tena	Near to Ayer Tena Adebabay
B/Gabriel	Bisrate Gabriel Church Area, Lafto Mall
Balcha Abanefso	Mexico Area, Alsam Chelelek Bldg.
Beklobet	Beklobet Area, Omedad Bldg.
Beshale	Beshale Area, Beside to Salite Mihret Church
Bethel	Bethel Area, Near Shoa Bekery
Bole	Bole Area, DH Geda Tower
Bole 24	Bole Area, in front of Kokeb Bldg.
Bole Atlas	Around Atlas Area, in front of Club H2O
Bole Medhanealem	Bole Medhanealem Church Area, in front of Sheger Bldg.
Bole Michael	In front of Bole Michael Adebabay
Bole Shalla	Bole Area, Around Shalla Recreation Center
Bole Stadium	Bole Area, Around Adey Abeba New National Stadium
Cathedral	On Cathedral School Bldg.
CMC	CMC Area, Near to Michael Church
D'Afrique	At D'Afrique Hotel Bldg.
Darmar	Lideta Condominium, in front of Lideta Menafesaha
Ehil Berenenda	Addis Ababa City, Merkato Area
Engliz Embassy	Addis Abba City, British Embassy Area
Enkulal Fabrica	Enkulal Fabrica Area
Ferensay Legassion	Ferensay Legasion area
Gejasefer	Lideta Condominium, Gejasefer area
Gerji	Around Gerji Taxi Tera Area
Goffa Gabriel	Addis Ababa City, Goffa Gabriel Area
Goffa Mazoria	Goffa Mazoria Inside Sofia Mall Bldg.
Gotera	Gotera Area, Adjacent to Agona Cinema, Balaker Bldg.

Gotera Ibex	Wollo Sefer area, Adjacent to Addis Ababa Bible Collage
Gotera Pepsi	Addis Ababa City, Gotera Area
Gurd Sholla	Gurd Sholla Area, Around Elfora
Habte Giorgis	H/Giorgis Area, Tefera City Center Bldg.
Hayat Mall	Addis Ababa City, Ayat Area
ILRI	Gurd Sholla Area at the Campus of ILRI
Imperial Sport Academy	Bole Area, Near to National Sport Academy
Jacross	Addis Ababa City, Jacros Area
Jana Meda	Jan Meda
Jemo	Jemo Area, In Front of Saba Bldg.
Kality	Kality Area, Around Ale Bejimila
Kality Menaharia	Kality Total
Kara Kore	Kara Kore Area
Kolfe	Kolfe Area, In Front of Kolfe 18 Mazoria
Kolfe Efoyita	Kolfe Efoyita Gebeya Area, Around Kolfe Book Store
Kotebe	Kotebe Area, Around Kotebe 02
Lafto	Lafto Area
Lambert	Lambert Bus Station
Lebu	Lebu Area, In Front of Safe Way Super Market
Lideta	Lideta area, Lideta Church
Main	Africa Avenue Road, Inside Dembel City Center
22 Mazoria	22 Mazoria Area, Golagol Business Center
Megenagna	In front of Zefemesh Mall, Megenagna Tamegas Bldg.
Mehal Summit	Mehal Summit Area
Mekanisa Michael	Besides to Mekanisa Michael Church
Meri Loke	Around Wosen Grocery
Nefas Silk	Nefas Silk Keleme Factory Area, Tekila Trading Bldg.
Peacock	In front of Bole Printers, Yeshi Bldg.
Raguel	Merkato Area, in front of Raguel Church
Ras	In front of Ras Hotel, Around National Theater
Rufael	Rufael Area, in front of Rufael Church
Saris	Saris Area, in front of Ries Engineering
Saris Addisu Sefer	Addis Ababa City, Saris Addisu Sefer Area
Sefere Selam	Sefere Selam Area, Dejazmach Bldg.
Sengatera	Sengatera Area, in front of Yobek Bldg.
Sheger Menafesha	In front of Sheger Menafesha
Sholla	Around Sholla Area, Megenagana Bldg
Sidist Killo	Addis Ababa City, Sidist Killo Area
Tekle Haymanot	Around Tekle Haymanot Church, Leila Bldg.
Tana	Merkato Area, Tana Business Center Bldg.
Tigat	In front to Ethiopian Patent Right Agency

Torhailoch	Torhailoch Shoa Supermarket Area
Urael	Bambis Area, Near to Delopol Hotel
Vatican	Vatican Area, In Front of Vatican Embassy
Wollo sefer	Around Wollo Sefer, Taxi Tera Area
Wuha Limat	Wuha Limat Area, Hackomal Bldg.
Yekake Wordwot	Merkato Area, Yediget Meselal Bldg
Yerer Ber	Yerer Ber Area, Agels Tower
Yerer Goro	Yere Goro Area

Hotels

Beer Garden Hotel	Behind Edna Mall
Churchill International Hotel	Churchill Raod, Tewordros Adebabay Area
Desalegn Hotel	In front of European Union
Foyat Hotel	Bole Area

Commercial Centers

Abadir Supermarket	4 Kilo Area, In Front of Main Entrance of AAU 4 kilo Campus
Abyssinian Plaza	Adjacent to Bole Medhanealem Church
Ahmed Commercial Center	Behind Dej. Balcha Hospital
Dil Betegil Commercial Center	In front of Head Quarter of Ethio-telecom
Dj Vision Real Estate	Meskel Flower Road Next to Dream Liner Hotel
Golf Club	Inside Golf Club
Morning Star Mall	At the Back of Edna Mall
Salvaz Bldg	Around Atlas Hotel
San Bldg	Bisrat Gabreal Church Area

OUTSIDE ADDIS ABABA

Hotels

Bini International Hotel	Bishoftu Town
Central Hawassa Hotel	Hawassa Town, Araba Sefer Area
Fitsum Belay Hotel	Furi Area
Jacaranda Hotel	Bahir Dar Town, Giorgis Area
Jantekel Hotel	Gonder Town, Maraki Area
Kashin Hotel	Mizan Teferi
Landmark Hotel	Gonder Town, Beleko Area
Lucy Hotel	Araba Minch Town
Planet Hotel	Mekelle Town, Semahetate Obelisk Area
Samrat Hotel	Dire Dawa Town
Tourist Hotel	Arba Minch Town
Yina Grand Hotel	Dukem Town
Yordanos Blue Bar & Restaurant	Mekelle Town

Commercial Center

Alliance Market Center	Hawassa Town, Gabriel Area
Yetebaberut	Hossana Town, In Front of Hossana Meneharia Branch

University

Jimma University	Jimma Town

OUT LYING BRANCHES

Branch Name	Locations
Adama	Adama Town, Hawassa Building
Adama Menahariya	Adama City, Adama Menhariya Area
Afetessa	Dire Dawa City, Afetessa Area
Alem Gena	Alem Gena Town, Around NOC Gas Station
Arsi Negele	Arsi Negele Town
Assela	Assela Town
Axum	Axum Town
Ayteyef	Dessie Town, Ayteyef Area
Bahir Dar	Bahir Dar Town, Papyrus Hotel Building
Batu	Batu Town, Near to Ziway Hotel
Bishoftu	Bishoftu Town, Tenekir Hotel Blg,
Bishoftu Adaa	Bishoftu Town
Butajira	Butajira Town
Debre Birhan	Debere Birhan Town, Around Main Market Area
Dessie	Dessie Town
Dilla	Dilla Town, Inside Delight Hotel Building
Dire Dawa	Dire Dawa City
Dukem	Dukem Town
Emdibir	Emdibir Town
Furi	Furi Town
Gonder Maraki	Gonder Town, Maraki Area, Around Gonder Oil Factory
Gubre	Gubre Town
Halaba Kulito	Halaba Kulito Town
Harar	Harar Town
Hawassa	Hawassa Town, Piazza Area, Shenkore Building
Hawassa Arab Sefer	Hawassa Arab Sefer Area
Hawassa Atote	Hawassa Atote Area
Hawassa Warka	Hawassa Town, Around South Star Hotel
Hossana	Hossana Town, Colonel Bezabeh Petros Adebabay Area
Jijiga Shebele	Jijiga Shebele Area
Jijiga	Jijiga Town
Jimma	Jimma Town, Around Arada

Kezira Main	Dire Dawa Town
Kombolcha	Kombolcha Town
Lakomelza	Dessie Town
Mehal Arada Adama	Adama Town, Arada Area
Mekelle	Mekelle Town, Kidamay Weyane Market Area
Messebo	Mekelle City
Modjo	Modjo Town, Around The Main Market Area
Nekemt	Nekemt Town
Sebeta	Sebeta Town
Shashemene	Shashemene Town
Shire	Shire Town, Around Main Market Area
Sululta	Sululta Town
Wechecha	Alem Gena Town, Around Main Market Area
Wolayita Sodo	Wolayita Sodo Town
Woldiya	Woldiya Town
Wolliso	Wolliso Town, Former Gete Wele Restaurant
Wukro	Wukro Town
Yejoka	Wolkite Town, Nib Building
Yirgalem	Yirgalem Town
Zebidar	Butajira Town
Finote Selam	Finote Selam Town
Debre Markos	Debre Markos Town

ADDIS ABABA Branch	POS LOCATIONS
Abakoran	Around Chew Berenda
Addis Ketema	Dire Tower, Around Sebategna
Addisu Gebeya	Addisu Gebeya Area, Around Agip Taxi Tera
Addisu Michael	Addisu Michael Area, Adjacent to Michael Church
Africa Avenue Bole Area	In Front of Novis Super Market, Japan Embassy Road
Arat Killo Area	Adjacent to Total Gas Station
Asko Burayu	Taxi Tera Area, Aklilu Agew Building
Balcha Abanefso	Mexico Area, Al-Sam Chelelek Building
Bole24	Bole Areas, In Front of Kokeb Building
Bole Brass	In Front of ODA Building
Bole Medhanialem	Bole/M Church Area, In Front of Sheger Building
Bole Michael	In Front of Bole Michael Adebabay
CMC	CMC Area, Near to Michel Church
CMC	Adebabay Area at International Cardiovascular Hospital
D'afrique	At D'afrique Hotel

Ehil Berenda	Around Mesalemiya, Amanuel Tsega Market Center
Enkulal Fabrica	Enkulal Fabricaarea
Ferensay Legassion	Ferensay Legassion Area
Gotera	Gotera Area, Adjacent to Agona Cinema, Balaker Blg.
Kare Kore	Kare Kore Area
Kazanchis	Near to Intercontinental Hotel
Kirkos	Kirkos Church Building
Lamberet	In Front of Country Wide Transportation Station
Mamokacha	Mexico Around Genet Hotel
Megenagna	In Front of Zefemesh Mall, Megenagna Tamegas Blg.
Mehal Merkato	Around Mirab Hotel, Jabulani Blg.
Mehal Summit	Mehal Summit Area
Raguel Merkato	Infront Of Raguel Church, Addis Ababa Market Center
Ras	In Front of Ras Hotel
Saris	Saris Area, In Front of Ries Engineering
Shola	Around Shola Area, Megenagna Blg, Near Lem Hotel
Tekle Haymanot	Around Tekle Haymanot Area
Tana	Merkato Area, Tana Business Center Bldg
Tatari	Merkato (Amedegebeya)
Tigat	In front of Ethiopian Patent Right Agency
Tikur Anbesa	In Front of Tikur Anbesa School, Tracone Bldg
Tiret	Around 4th Police Station
Urael	Bambis Area, Near to Delopol Hotel
Yerer Ber	Yerer Ber Area, Angels Tower

Hotels

Bekelo Bet Area at Bekelobet NOC, Around Global Hotel

Bole Bras at Foyat Hotel

Bole Eniredada at Branch, Desalegn Hotel

Bole Medhanealem at Haimi Apartment Hotel

Bole Medhanealem at Venation Hotel Apartment

Bole Medhanealem at Saro-Maria Hotel

Bole Medhanealem at Washington Hotel

Bole Medhanealem at Sidama INN Hotel, Around Atlas Hotel

Kazanchis at the Branch, Near Intercontinental Hotel

Lamberet at Gentel Hotel

Mesekel Flower at Adot Tina Hotel

Saris at Negabonger Hotel, Saris Area

Urael at De Leopol Hotel, Around Bambis Area

Commercial Center

Bekelobet Area at Bekelobet NOC, Around Global Hotel

Bisrate Gebriel at TS General Trading

Bole at Robel Kelati Hair Supplier

Bole at Boston Partners P.L.C

Bole at SIMA Trading P.L.C Around Bole Airport

Bole at H&M Furniture, Around Rwanda Embassy

Bole at International Cardiovascular Medical Center (ICMC)

Bole Eniredada at Best Travel & Tour P.L.C

Bole Medhanealem at WEGGA Medical Service P.L.C

Bole Medhanealem at WOW Prime Shop, Next to Bole Medhanealem Church

CMC at Safe Way Super Market, In Front of Lebu Branch

Dembel City Center at Dabi Original Brand Boutique

Dembel City Center at John Boutique

Lebu at Safe Way Supermarket, In Front of Lebu Branch

Pastor Adebabay at Zewdu Gudeta Pastor NOC Service

Outside Addis Ababa

Hotels

Alemgena Town at Enkore Hotel

Furi Area at Fitsum Belay Hotel

Hawassa Town at South Star International Hotel

Hawassa Town at Central Hawassa Hotel

Hawassa Town at Lake View Hotel

Hawassa Town at Ker Awud International Hotel

Mekelle Town at Milano Hotel

Mekelle Town at Yordanos Blue and Bright Hotel

Mekelle Town at Axum Hotel

Mekelle Town at Planet Hotel

Commercial Center

Alemgena Town at Welete Total

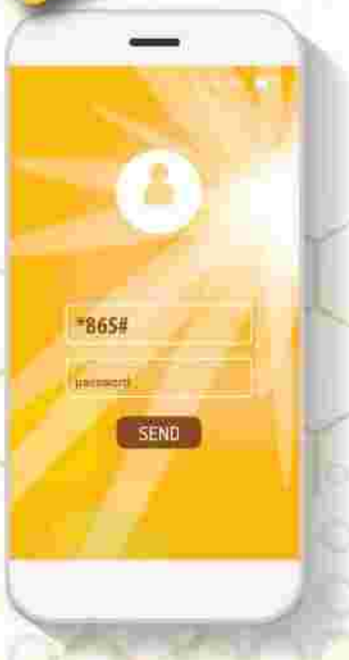
Alemgena Town at Jimmaber NOC

Hawassa Town at Lewi General Trading P.L.C

Card Banking

Mobile Banking

Banking at your hand!

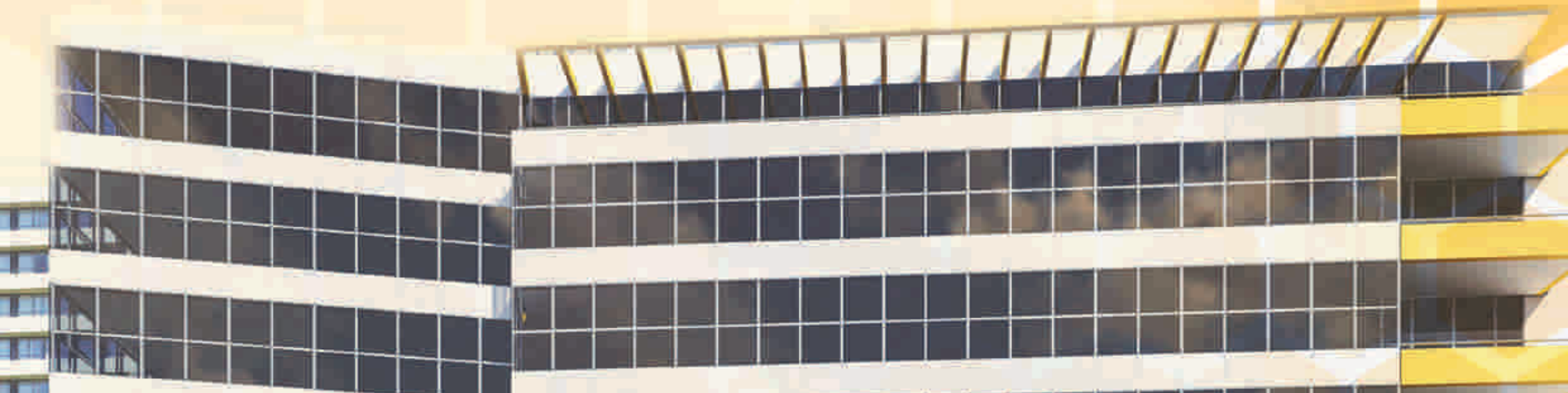


Internet Banking

Just Click NIB Online and be online

ይሠሯል ከልብ፣
እንደ ንብ!
Committed to Service Excellence!

20th
Anniversary
1999-2019



ይሠሯል ክሉብ፣
እንደ ንብ !

Committed to Service Excellence!

Head Office

Tel.: +251-11-550 3288/550 3304

Fax.: +251-11-552 7213

P.O. BOX: 2439/Addis Ababa

E-mail: nibbank@ethionet.et

nibcontact@nibbanksc.com

Website: www.nibbanksc.com

Addis Ababa, Ethiopia