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Nib International Bank

Annual Report

July 2019- June 2020


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Nib International Bank
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በልዩነት የያዘ!
የህፃናት የቁጠባ ሂሳብ
New Born Babay Saving A/C
የንብ ቀፎ የቁጠባ ሂሳብ
NIB Keffo Saving A/C
ዲያስፖራ የቤት የቁጠባ ሂሳብ
Diaspora Housing Saving A/C
የአረጋውያን የቁጠባ ሂሳብ
Senior Citizen Saving A/C
የበላይ ኃላፊ ልዩ የቁጠባ ሂሳብ
Executive Deposit Account
የተማሪዎች የቁጠባ ሂሳብ
Students Saving Account
ሉሲ የቁጠባ ሂሳብ
Lucy Saving A/C
የክብር ልዩ የቁጠባ ሂሳብ
Prestige Saving Account
MasterCard
VISA
UnionPay 银联
ይሠሯል ከልብ፤
እንደ ንብ !
Committed to Service Excellence !


E-Channel
NIB
POS
Nib International Bank
Nib Internet Banking
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Vision (ራዕይ)

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

Mission (ተልዕኮ)

ደንበኛ ተኮር የሆኑ አዳዲስ የባንክ አገልግሎቶችን ብቃት ባላቸው ሠራተኞችና በዘመናዊ ቴክኖሎጂ በመታገዝ ማቅረብ::

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

Values (እሴቶች)

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

ግልጽነት	Transparent
ተደራሽነት	Accessible
በጋራ መስራት	Teamwork
ተጠያቂነት	Accountable
ውጤታማነት	Result Oriented
አዳዲስ ሃሳቦችን ማፍለቅ	Innovative

ይሠሯል ከልብ፣
እንደ ንብ !
Committed to Service Excellence !

Board of Directors


Ato Woldetensai Woldegiorgis
Chairman


Ato Alemu Denekew
Deputy Chairman


Ato Kifle Borga
Director


Ato Kifle Yirga
Director


Ato Abreham Mersha
Director
(Representing Nib Insurance)


Ato Seifu Awash
Director


W/ro Mebrat Woldetensaie
Director


Ato Teshome Shenkutie
Director


Ato Mulugeta Asfaw
Director


Ato Mulugeta Woldemichael
Director


Ato Tamiru Mane
Director


Eng. Desalegn Denbu
Director


Ato Anteneh Kassa
Executive Assistant to the Board of Directors

Sharia Advisory Board

Ustaz Abrar Shifa

Ustaz Mohammed Salah

Ustaz Abdulgefar Sherif

THE BOARD CHAIRMAN'S MESSAGE

It is indeed an honor for the Board to present an Annual Report of the financial year ending June 30th, 2020, along with Audited Financial Statements to its esteemed shareholders.

We are living in unprecedented times facing a crisis that affects all of us everywhere in the world. It is a very challenging moment that calls for solidarity and that requires each one of us to take responsibility and play our part.

It is in the midst of this challenging period that our Bank strived to develop its business reliably and sustainably while building for the future by investing in technology, human capital development, buildings and its brand. In a very competitive and demanding business context, NIB delivered strong operating and financial results across all indicators. Despite the local and global challenges faced during the concluded budget year, our Bank registered yet another year on year boost on its profit reaching a record high of Birr 1.3 Billion before tax. This result validates the Bank's long-term value creation model, which is based on the balanced pursuit of resource-efficient top- and bottom-line as well as improved capital efficiency. Together, these elements enabled us to continue generating value for shareholders and society, over time.

Our strategy is closely aligned with current and future opportunities and challenges; a strategy that is therefore increasingly relevant to both the success of the business and the prosperity of shareholders and society at large. It is based on a fundamental understanding of what the banking industry must deliver today –high-quality service and tailor-made products for all. However, we recognize that there are still gaps in that regard and the Board will continue to tackle and fill in those as the Bank's strategic direction continues.

We are inspired by the Bank's vision: "to be an icon of service excellence and a leading commercial bank in Ethiopia." This vision is put into practice through Creating Shared Value – the fundamental principle that determines how the Bank conducts its business and that will make us a force for good in society. It is our Bank's long-standing belief that our company can only survive and be successful over time if it simultaneously creates value for all its stakeholders in society: our customers, our shareholders, our employees, and our communities.

Dear Shareholders,

At NIB we have always firmly believed in consistency and dependability, and never more so than in these uncertain times. This consistency and dependability are reflected in the achievements registered in major performance indicators. This demonstrates the financial stability of the company, supported by prudent and responsible financial management, and on which so many of you have come to depend. At a time when we are facing not only health but also economic consequences, NIB is also looking to the future – a future that is surely even more complex and above all more ambiguous than ever. We, therefore, have an obligation and a responsibility, not only to take part in the current urgent societal response but also to remain level-headed and to continue to shape and build a more sustainable future, in the broadest sense, for all. It is in this spirit that the Bank is actively contributing, as in the past, to the search for and implementation of real and tangible solutions to the financial challenges.

As we do every year, we will continue to keep you informed of our concrete actions and our progress. NIB stands for living up to its values. They are the hallmarks of our company today, tomorrow, and beyond. They are the result of individual and collective actions undertaken throughout the Bank.

The COVID-19 crisis continues to impact all our lives in powerful ways. We are dedicated to safeguarding employees' health with enhanced safety measures at all our branches. This is the time to demonstrate the values of our NIB family. Their passion for our customers as well as their dedication to serving their communities are truly impressive. Thanks to their efforts and dedications, we also made significant progress in our portfolio transformation, implementing major strategic moves announced during the year and more. As a result, the 2019/20 results are very encouraging and fully in line with the assurance we gave you.

In terms of physical outreach, the Bank's total number of branches reached 302 ensuring accessibility.During the year, our Bank's total assets reached Birr 42.5 Billion with all its construction projects going well given the impact COVID 19 had on them. The Bank's Arat Kilo Building is completed and ready for use by the Bank and is also expected to generate additional revenue for the Bank in the coming budget year. The remarkable and unique Head Quarter Building's finishing works are also underway and are expected to be completed by the end of January 2021 despite challenges faced in bringing in resources due to the pandemic.

The level of ownership and engagement we have demonstrated in playing our part in carrying out our corporate responsibility is a case in point. Creating shared value – for shareholders and society at large guides us in our approach to business. This past year, we have reaffirmed our leadership through bold commitments and decisive actions. In this regard, the Bank has carried out different social responsibilities and donated a total of Birr 21.9 million in support of different national missions expressing its solidarity to the public at such difficult times.

Let me conclude by thanking, on behalf of the Board of Directors, the management and employees of the Bank for their commitment, responsibility, and dedication in 2019/20, as well as for their outstanding efforts at this time. I firmly believe that our strategic focus remains as relevant as ever to the expectations of our customers, shareholders, and the society. Thanks to this drive, NIB will continue to deliver on its commitments. On behalf of the Board of Directors, while thanking the National Bank of Ethiopia for all its support, I remain grateful for our shareholders, for your trust in and commitment to the Bank.

Woldetensai Woldergiorgis

Chairman, Board of Directors

December 2020

Management

Nib International Bank

Ato Genene Ruga
President

Ato Kedir Bedewi
V/P Customer & Channels

Ato Leulseged Negussie
V/P Strategy & Transformation

Ato Seifu Agenda
V/P Banking Operations

Ato Assefa Yeshanew
V/P Information Systems

Ato Melkamu Solomon
V/P Resources & Facilities

Ato Solomon Goshime
Chief Advisor to the President

W/ro Eden Haddis
Director, Treasury Dep't

Ato Assefa Jezza
Director, Human Resource Managment Dep't

Ato Beyene Alemu
Director, Legal Services Dep't

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

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

Management

Ato Abdulkadir Wolela
Director, Electronic Channels Dep't

Ato Eristu Kemal
Director, Interest Free Banking Dep't

Ato Mesfin Sisay
Director, IT Infrastructure & Support Dep't

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

Ato Abreham Tesfaye
Director, Projects & Transformation Dep't

Ato Michael Adbib
Director, Planning & Monitoring Dep't

Ato Tewodros Haile
Diercter, Learning & Development Dep't

Ato Reshid Mohammed
A/ Director, Internal Audit Dep't

Ato Alemu Semaye
Director, Credit Appraisal Dep't

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

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

Ato Zelalem Solomon
Director, Business Systems Dep't

Ato Amine Tadesse
Director, Trade Finance Dep't

Ato Selam Dirshaye
Director, Finance & Accounts Dep't

Ato Tewoderos Nigussie
Director, Corporate Banking Dep't

Ato Osman Ali
Executive Assistant to the President

MESSAGE FROM THE PRESIDENT

It is my honor and privilege to present an overview of the Bank's performance report for the year ended June 30, 2020, during which our Bank was able to achieve yet another year on year performance boost, as briefly described hereunder:

The operational performance of the Bank during the financial year of 2019/20 was very remarkable, which culminated in registering a gross profit of Birr 1.3 billion (before tax). This is a record-high profit for the Bank in its two decades of loyal and successful banking services. Despite all odds and challenges confronted with, like the COVID-19 pandemic, instability in some parts of the country, sporadic shortages of liquidity, and paucity of hard currency, the remarkable performance of the Bank during the year is attributed to the commendable work done in mobilizing additional deposit of Birr 6 billion that raised the Bank's total deposit to Birr 33.7 billion, and in disbursing new loans & advances amounting to Birr 10.4 billion during the Year, making the total loan & advance reach Birr 25.8 billion by the end of the Financial Year.

The total paid-up capital of the Bank reached Birr 3.4 billion registering an increment of Birr 786.2 million over last year corresponding period. During the year, the Bank's total assets increased by Birr 8.75 billion, with the total asset reaching Birr 42.5 billion. In terms of human capital, the overall staff strength of the Bank reached close to 6,000 which has created 1,313 new job opportunities during the year alone.

In terms of accessibility, the Bank continued to expand its service outlets and branches to get even more closer to the public and meet the demands of its customers, in which effort it opened 41 new branches during the year, having topped an overall total of 302 branches by June 30, 2020. Of these, 158 branches are located in the Addis Ababa and 144 branches in the rest of the regions. Moreover, Interest-Free Banking (IFB) services are expanding by the launching of full-fledged IFB branches in many parts of the country along with IFB focused products.

Customer-focused services are also growing steadily, backed by the deployment of ATM facilities in various locations. In this regard, the Bank distributed 124,443 NIB Cards to its customers during the budget year, having 320,983 NIB cardholders, amounting to 27.6% of its total account holders. Besides, during the reporting period, the Bank has introduced new cards with various features. To mention a few, Lucy (for women), Yenege-tesfa (for youth), Platinum card (to corporate customers), Prepaid and Fuel Cards.

The Bank's technology upgrading efforts are well underway with IT and E-Channel expansion projects launched during the year with a view to successfully transform the Bank into a new and modern business platform.

Full-swing implementation of the new strategic plan has also been the major focus during the year, mindful of our strategic aspiration to become one of the leading private Banks in the country. As part of implementing the Bank's 3rd Strategic Plan, the reporting period had also been a year of capacity building despite constraints posed by the Pandemic.

Corresponding with the new Strategic Plan, a new Organizational Structure and Salary Scale have been put in place, and the assignment of senior management and other middle management members was finalized, along with the staffing of all other positions. In relation to this, branch re-grading study and implementation of same has taken place. A new benefits scheme has also been put in place during the budget year. The formulation and review of policy and procedure documents have also continued steadfastly during the year, with many of them having entered into implementation.

The 2019/20 budget year was also a year of success with regards to physical asset building, particularly considering the strides made in construction projects. One of the most remarkable achievements, in this case, is the Bank's iconic 4B+G+32 story Headquarter building project whose finishing tasks are fast underway. According to the schedule, the overall construction progress is expected to be completed by the end of January 2021, and to be functional soon afterward. The same effort is also well underway in Hawassa City, with a marvelous 9 & 11 story (above ground) twin-building being erected and expected to be completed towards mid of 2021.

In relation to these building projects, it is with honor and sense of accomplishment that I inform all esteemed customers, shareholders, and all other stakeholders that the 8 storey building in Arat-Kilo area (Addis Ababa) and the 4 story building in Hossaena town were completed and have become functional during the budget year.

On this note, 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 these remarkable results. I am immensely grateful to the Board of Directors for their unrelenting engagement, guidance, and support. My special appreciation also goes 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.

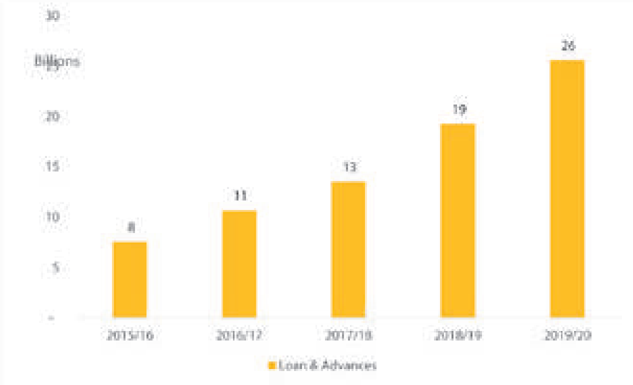
I have full confidence that, with the concerted efforts of the Board of Directors, the management, all employees, shareholders, business partners, and other stakeholders, the results achieved this year is a stepping stone to do even better and achieve far greater in the just started 2020/21 budget year, driven by the consistent implementation of the new Strategic Plan even while facing unprecedented challenges like COVID-19.

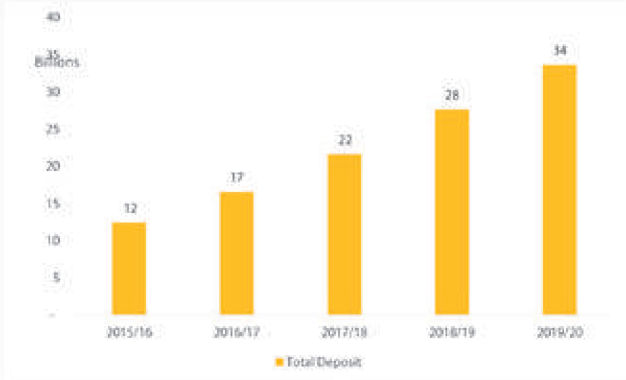
Congratulations and thank you all.

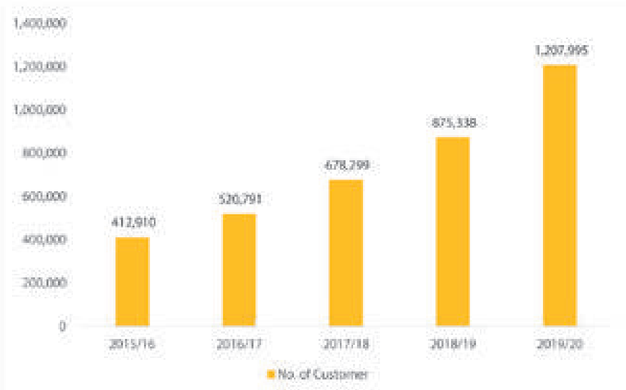
Genene Ruga

President
December 2020

HIGHLIGTS OF THE LAST FIVE YEARS MAJOR OPERATIONAL PERFORMANCE







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Committed to Service Excellence !

DIRECTORS' REPORT

The Board of Directors of Nib International Bank would like to present the Bank's performance and financial report to the 21st Annual General Meeting of shareholders for the year ended 30th June 2020.

GENERAL ECONOMIC OUTLOOK

In a globalized world, where actions and happenings in one part of the world impact the daily activities of various stakeholders elsewhere, dynamism in the macro and micro-economic environment is ever-increasing demanding all actors in the economy be alert and robust at all times.

The COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to put in place required isolation, lockdowns, and widespread closures have been done to slow the spread of the virus. The health crisis is, therefore, having an adverse impact on economic activities. According to World Bank's global economic prospect issued during June 2020; advanced economies are contracting, China is experiencing record-low growth, and emerging market and developing economies (EMDE) growth savaged by external and domestic challenges; the global economy is expected to shrink by 5.2 percent according to 2020's baseline forecast. This would be the deepest global recession since World War II, and almost three times as steep as the 2009 global recession.

All major economies have experienced COVID-19 outbreaks, of varying intensity. Output in advanced economies is set to contract sharply in 2020, as domestic demand and supply, trade, and finance have all been severely disrupted. As a result, advanced-economies output is now projected to slow dramatically, from an expansion of 1.6 percent in 2019 to a contraction of 7 percent in 2020.

The report similarly forecasted emerging market and developing economies (EMDEs) to contract this year due to the COVID-19 pandemic. The impact is expected to be most severe for EMDEs with large domestic outbreaks and those that rely heavily on global trade, tourism, commodity exports, and external financing. Per capita incomes are projected to contract deeply as a result, causing the first net rise in global poverty in more than 20 years.

COVID-19 in Sub-Saharan Africa is expected to bring unprecedented health and economic crisis. It would be a threat to throw the region off its stride, reversing the encouraging development progress of recent years. Furthermore, by exacting a heavy human toll, upending livelihoods, and damaging business and government balance sheets, the crisis threatens to slow the region's growth prospects in the years to come.

The Real GDP in sub-Saharan Africa is projected to contract by 1.6% in 2020, the lowest level of growth on record. This is about 5.2 percentage points lower than envisaged in the October 2019 Regional Economic Outlook for Sub-Saharan Africa.

Ethiopia's economy has been one of the most dynamic and fast-growing economies globally. According to the National Bank of Ethiopia and IMF, Ethiopia from 2007/08- 2018/19 has recorded annual average GDP growth of about ten (10) percent, driven by huge public investments in infrastructure and agriculture sectors. As a result, commendable upshots and achievements have been recorded in reducing poverty and improving relative living standards.

However, the April 2020 IMF reports on the Ethiopian economy show that its growth is expected to decline significantly. The growth rate is estimated to be 3.2% for 2020 and 4.3% for 2021, showing a decline almost by half from the previous projection of IMF conducted in January 2020. This estimated economic slowdown of the country is mainly attributed to the multi-dimensional negative impacts of COVID-19 which is also affecting the entire world.

The banking sector in Ethiopia has so far come out of the COVID pandemic in relatively good shape (similar to the broader macroeconomy) and that private banks have done particularly well in making market share gains vis-à-vis the dominant State Bank. Looking ahead, however, banks will be facing major policy shifts in the way Government finances its deficit, sets monetary policy, and determines the exchange rate. They will also be expected to cope with a changing financial sector landscape that will bring many new entrants, additional service offerings, and a wider range of funding sources. These extensive macro-financial reforms should not pose a high risk to the banking sector that already has a historically strong growth record, but they do imply an increasingly competitive operating environment, a moderation in average shareholder returns, and greater differentiation in performance across banks.

FINANCIAL PERFORMANCE

The financial performance of the Bank during the financial year 2019/20 is briefly presented as follows.

FINANCIAL POSITION

ASSETS

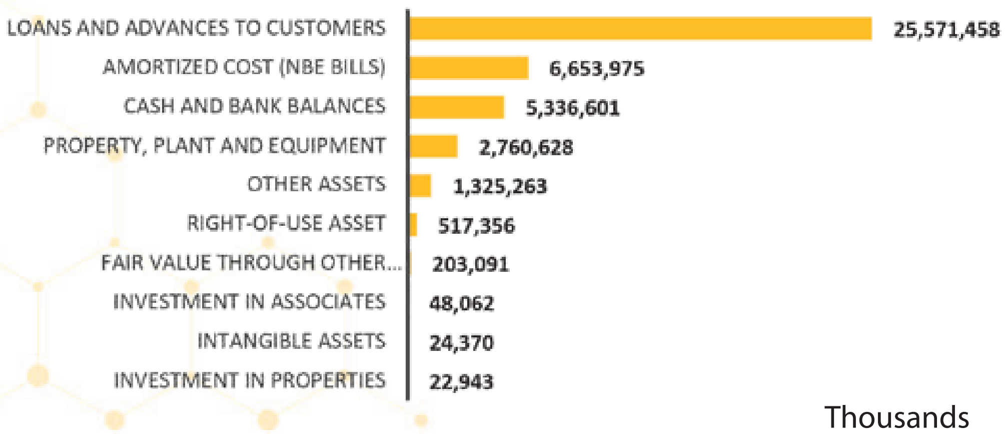
The total asset of the Bank reached Birr 42.5 billion exceeding last year's corresponding balance of of Birr 33.7 billion by Birr 8.7 billion registering a growth rate of 25.9%.

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

Asset Type	June 2020	June 2019	Growth		Share	
			Absolute	%	June 2020	June 2019
Cash and bank balances	5,336,601.1	3,931,024.9	1,405,576.2	35.8%	12.6%	11.7%
Loans and advances to customers	25,571,458.0	19,250,470.9	6,320,987.1	32.8%	60.2%	57.1%
Fair value through other comprehensive income	203,091.0	122,680.4	80,410.6	65.5%	0.5%	0.4%
Amortized cost (NBE Bills)	6,653,974.9	6,744,261.7	(90,286.8)	-1.3%	15.7%	20.0%
Investment in Associates	48,062.4	49,377.5	(1,315.1)	-2.7%	0.1%	0.1%
Other assets	1,325,263.1	1,254,108.0	71,155.1	5.7%	3.1%	3.7%
Investment in properties	22,943.2	23,407.6	(464.4)	-2.0%	0.1%	0.1%
Intangible Assets	24,369.7	21,205.0	3,164.7	14.9%	0.1%	0.1%
Right-of-use asset	517,356.0	-	517,356.0		1.2%	0.0%
Property, Plant and Equipment	2,760,628.0	2,320,890.5	439,737.5	18.9%	6.5%	6.9%
Total Assets	**42,463,747.2**	**33,717,426.7**	**8,746,320.5**	**25.9%**	**100.0%**	**100.0%**

Out of the total asset of the Bank, net loans and advances accounts 60.2% with an annual growth rate of 32.8% to reach Birr 25.6 billion from what was Birr 19.3 billion during the end of June 2019.

CHART 1: COMPOSITION OF ASSET



INVESTMENTS

The efficient utilization of shareholder's equity into valuable asset is progressing well which is manifested through investing on different construction projects that have so far accounted for a net book value of Birr 2.4 billion and participating in different investment opportunities through equity investment of Birr 251.2 million.

LOANS AND ADVANCES

At the close of 2019/20 financial year, the Bank's total outstanding loans & advances stood at Birr 25.8 billion, reflecting an increase of Birr 6.3 billion (32.7%) as compared with the previous financial year's balance of Birr 19.4 billion.

During the period under consideration, the asset quality of the Bank was by far better than the previous year and which is also 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)

Economic Sector	June 2020	June 2019	Growth Absolute	Growth %	Share June 2020	Share June 2019
Agriculture	128,131.2	133,514.7	(5,383.5)	-4.0%	0.5%	0.7%
Manufacturing	5,168,778.4	3,810,892.9	1,357,885.5	35.6%	20.0%	19.6%
Domestic Trade and Service	4,786,813.4	3,854,823.1	931,990.3	24.2%	18.6%	19.8%
Transport and Communications	374,899.2	270,702.4	104,196.8	38.5%	1.5%	1.4%
Hotel and Tourism	2,915,644.5	2,327,672.9	587,971.6	25.3%	11.3%	12.0%
Export	4,131,659.2	2,781,756.9	1,349,902.3	48.5%	16.0%	14.3%
Import	3,230,183.4	2,590,608.7	639,574.7	24.7%	12.5%	13.3%
Building and Construction	3,961,650.6	3,316,982.9	644,667.7	19.4%	15.4%	17.1%
Mines, Power & Water	159,754.7	110,657.8	49,096.9	44.4%	0.6%	0.6%
Staff Loans and Advances	672,639.8	218,914.0	453,725.8	207.3%	2.6%	1.1%
Personal Loans	258,384.6	23,928.5	234,456.1	979.8%	1.0%	0.1%
Total Loans & Advances	**25,788,538.94**	**19,440,454.7**	**6,348,084.2**	**32.7%**	**100.0%**	**100.0%**
Less: Impairment Allowance	(217,081.7)	(189,983.8)	(27,097.9)	**14.3%**	-0.8%	-1.0%
Net Loans and Advances	**25,571,457.20**	**19,250,470.9**	**6,320,986.3**	**32.8%**	100.0%	100.0%

The chart below shows comparison of a sectorial share of the total loans and advances.

CHART 2: SECTORAL COMPARISON OF LOANS AND ADVANCES

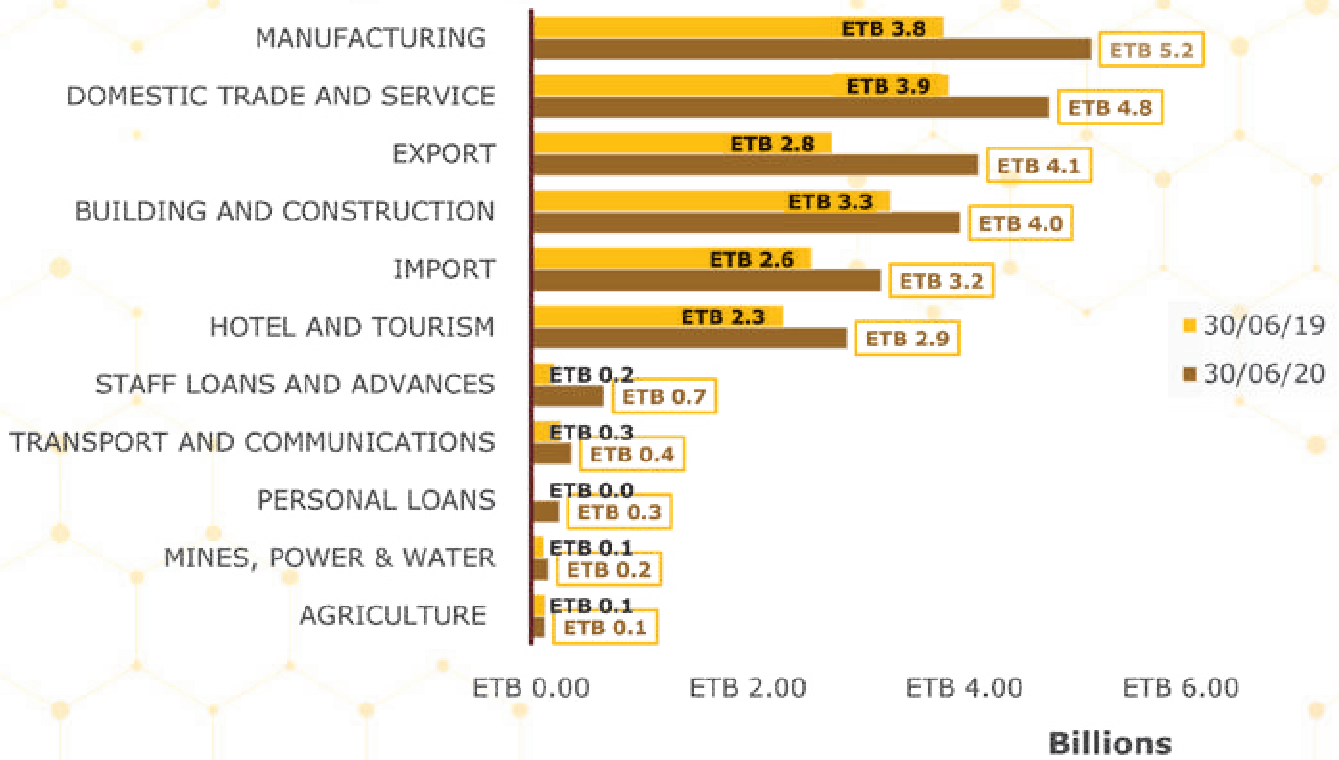
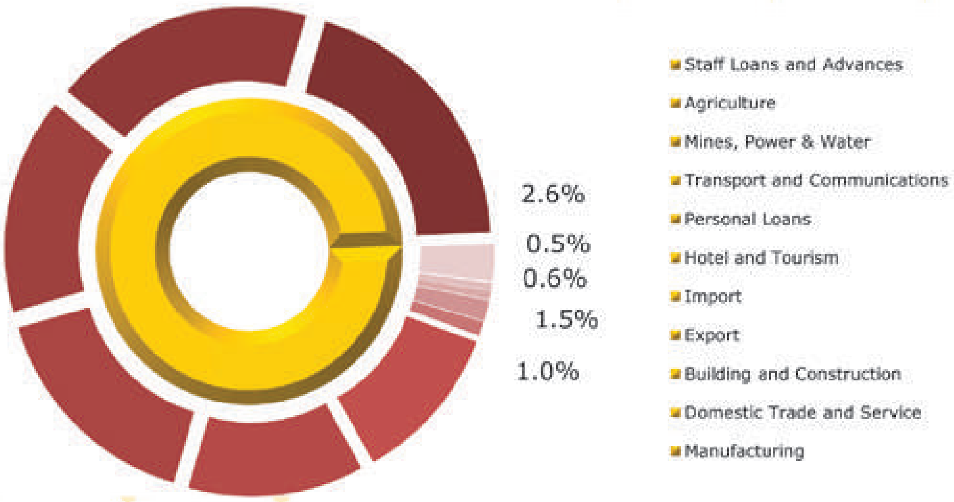


CHART 3: RELATIVE SECTORAL SHARE OF LOANS & ADVANCES



The total number of loan accounts has reached 15,541 registering an increase of 2,405 borrowers as compared to the previous year same period balance.

CHART 4: NUMBER OF BORROWERS

LIABILITIES

The total liabilities of the Bank stood at Birr 36.7 billion registering a growth of Birr 7.4 billion (25.1%) compared to the corresponding last year figure. Total deposits from customers constituted 91.8% of the total liability. The detail of liabilities is described in the following table.

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

Liability by Type	June 2020	June 2019	Growth		Share	
			Absolute	%	June 2020	June 2019
Deposits from customers	33,651,115.1	27,663,709.8	5,987,405.3	21.6%	91.8%	94.4%
Borrowings	53,515.3	-	53,515.3		0.1%	0.0%
Current tax liabilities	246,560.2	210,702.5	35,857.7	17.0%	0.7%	0.7%
Other liabilities	2,408,433.6	1,392,143.8	1,016,289.8	73.0%	6.6%	4.8%
Lease liabilities	240,333.6	-	240,333.6		0.7%	0.0%
Retirement benefit obligations	31,271.2	30,157.4	1,113.8	3.7%	0.1%	0.1%
Deferred tax liabilities	45,610.0	9,669.0	35,941.0	371.7%	0.1%	0.0%
Total Liabilities	**36,676,839.0**	**29,306,382.5**	**7,370,456.5**	**25.1%**	**100.0%**	**100.0%**

DEPOSITS

The total deposit mobilized by the Bank reached Birr 33.7 billion which shows an absolute growth of Birr 6.0 billion or 21.6% from the balance of Birr 27.7 billion registered in the previous year.

The number of deposit accounts of the Bank reached 1,207,995 from the level of 875,338 which was registered as at end of June 2019 making an absolute growth of 332,657 (38.0%).The detail of deposits is presented in the table and chart below.

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

Type of Deposits	June 2020	June 2019	Growth		Share	
			Absolute	%	June 2020	June 2019
Demand Deposit	6,071,424.5	5,387,166.8	684,257.7	12.7%	18.0%	19.5%
Savings Deposit	21,387,627.1	17,745,283.0	3,642,344.1	20.5%	63.6%	64.1%
Fixed Deposit	6,192,063.5	4,531,259.9	1,660,803.5	36.7%	18.4%	16.4%
Total	**33,651,115.1**	**27,663,709.8**	**5,987,405.3**	**21.6%**	**100.0%**	**100.0%**

As presented in table 4 above, the balance of interest-bearing deposits (Savings Deposit & Fixed time Deposits) was Birr 27.6 billion that is 82.0% of the total deposits, which was 80.5% as at June 30, 2019. The remaining Birr 6.1 billion (18.0% of the total deposit) was mobilized in the form of non- interest-bearing deposits (IFB and Demand Deposits).

CHART 5: RELATIVE COMPOSITION OF DEPOSITS

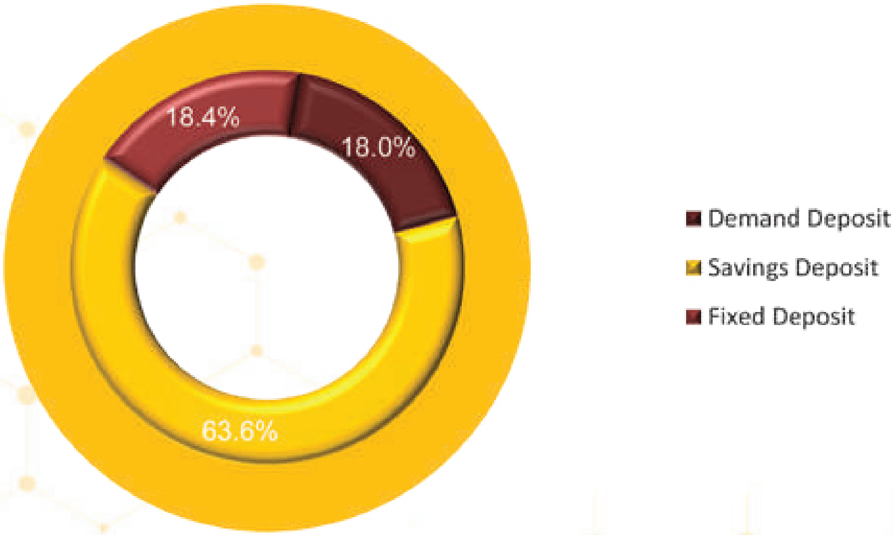
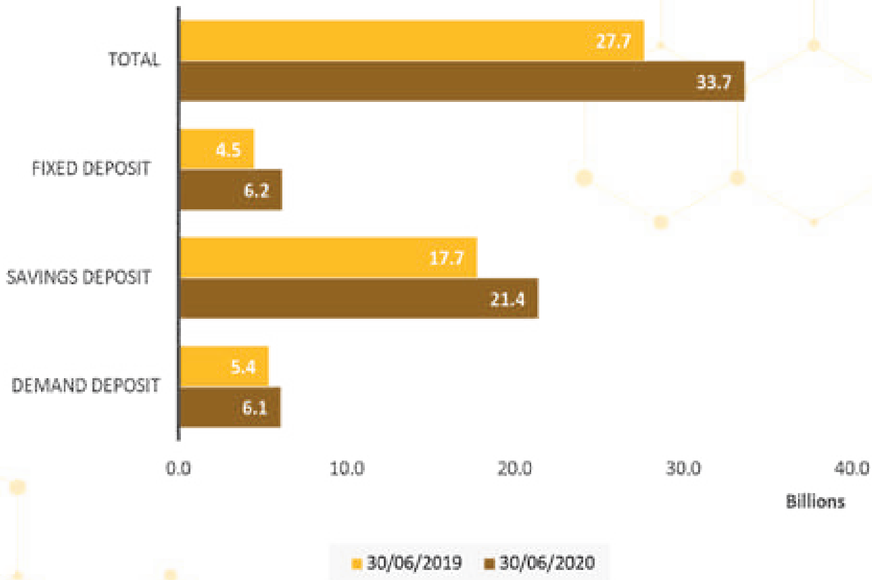


CHART 6: COMPARISON OF DEPOSITS



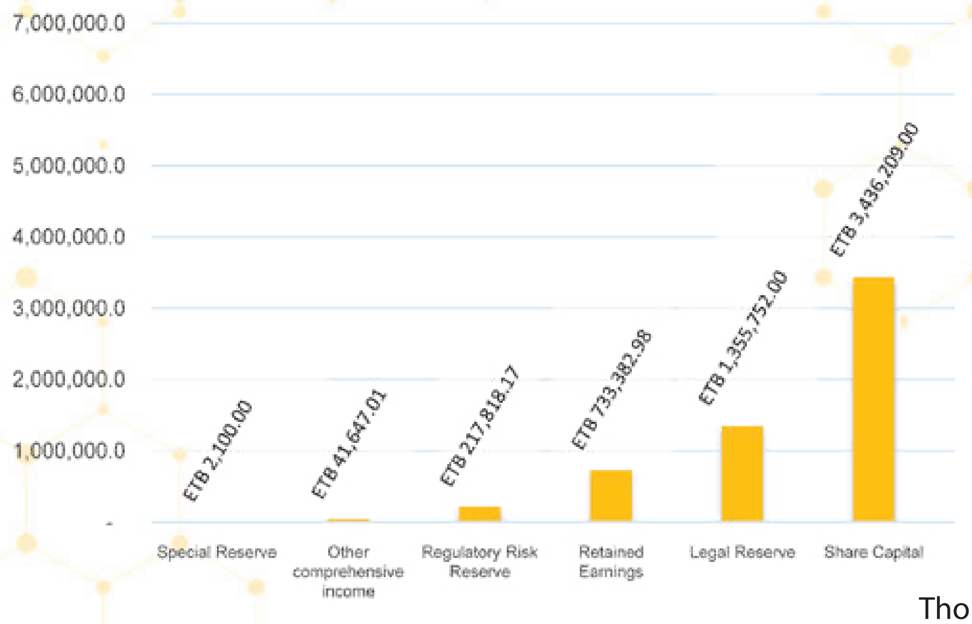
EQUITY

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 5.8 billion exceeding the balance of last year same period by Birr 1.4 billion or 31.2% growth. The detail is presented below.

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

Equity Items	June 2020	June 2019	Growth		Share	
			Absolute	%	June 2020	June 2019
Share Capital	3,436,209.0	2,649,973.5	786,235.5	29.7%	59.4%	60.1%
Regulatory Risk Reserve	217,818.2	170,753.8	47,064.4	27.6%	3.8%	3.9%
Retained Earnings	733,383.0	490,311.3	243,071.7	49.6%	12.7%	11.1%
Legal Reserve	1,355,752.0	1,094,844.0	260,908.0	23.8%	23.4%	24.8%
Special Reserve	2,100.0	2,000.0	100.0	5.0%	0.0%	0.0%
Other comprehensive income	41,647.0	3,163.4	38,483.6	1216.5%	0.7%	0.1%
Total Equity	**5,786,909.2**	**4,411,046.1**	**1,375,863.1**	**31.2%**	**100.0%**	**100.0%**

CHART 7: COMPOSITION OF EQUITY



Thousands

STATEMENT OF PROFIT /LOSS & OTHER COMPREHENSIVE INCOME

INCOME

The Bank managed to generate a record total income of Birr 4.5 billion during the financial year, registering a growth of Birr 1.2 billion (36.2%) 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: COMPOSITION & COMPARISON OF INCOME (In '000')

Income Items	June 2020	June 2019	Growth		Share	
			Absolute	%	June 2020	June 2019
Interest Income	3,901,744.4	2,858,493.3	1,043,251.1	36.5%	85.7%	85.6%
Fee and Commission Income	494,682.1	415,243.0	79,439.1	19.1%	10.9%	12.4%
Other Operating Income	153,862.1	67,136.7	86,725.39	129.2%	3.4%	2.0%
Total	**4,550,288.6**	**3,340,873.0**	**1,209,415.6**	**36.2%**	**100.0%**	**100.0%**

CHART 8: COMPOSITION OF INCOME SOURCES

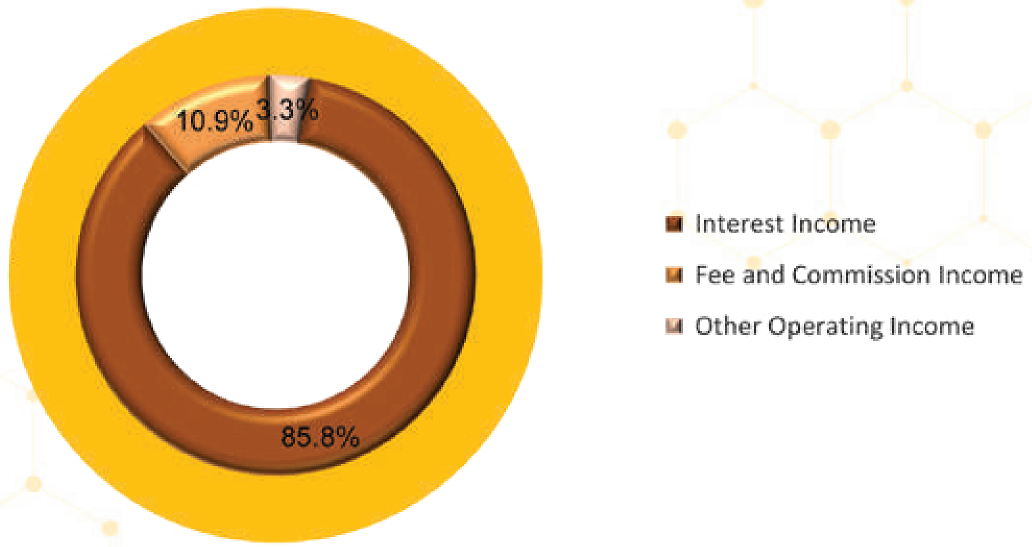
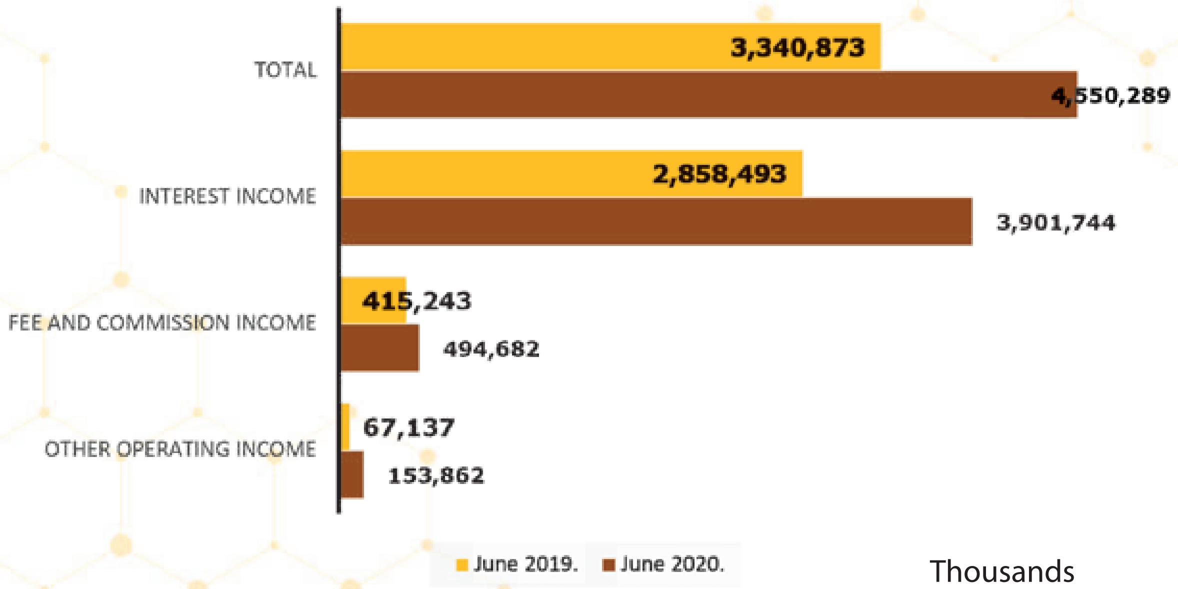


CHART 9: COMPARISON OF INCOME SOURCES



Out of the gross income of Birr 4.5 billion generated during the period under review, the total income generated from Foreign Banking activities was Birr 391.6 million (8.6%) of the total income. The amount has grown by Birr 26.0 million (7.1%) from last year same period.

EXPENSES

The total expense of the Bank during the financial period under review reached Birr 3.2 billion which is higher by Birr 828.2 million (34.3%) compared to last year same period. These expenses are composed of interest expense, personnel expense, loan impairment charge as well as other operating expenses and others.

TABLE 7: COMPARISION & COMPOSITION OF EXPENSES

(In'000')

Expense Items	June 2020	June 2019	Growth		Share	
			Absolute	%	June 2020	June 2019
Interest Expense	1,695,094.36	1,215,379.5	479,714.9	39.5%	52.3%	50.4%
Loan Impairment Charge	27,098.0	66,755.3	(39,657.3)	-59.4%	0.8%	2.8%
Personnel Expenses	952,121.8	702,930.1	249,191.7	35.5%	29.4%	29.1%
Other operating expenses	266,051.1	343,552.3	(77,501.2)	-22.6%	8.2%	14.2%
Others*	300,292.2	83,818.4	216,473.8	258.3%	9.3%	3.5%
Total Expenses	**3,240,657.5**	**2,412,435.6**	**828,221.9**	**34.3%**	**100.0%**	**100.0%**

"Others" include; Depreciation and impairment of property, plant and equipment, impairment losses on other assets, amortization of intangible assets and fee and commission expenses.

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 10: COMPOSITION OF EXPENSES

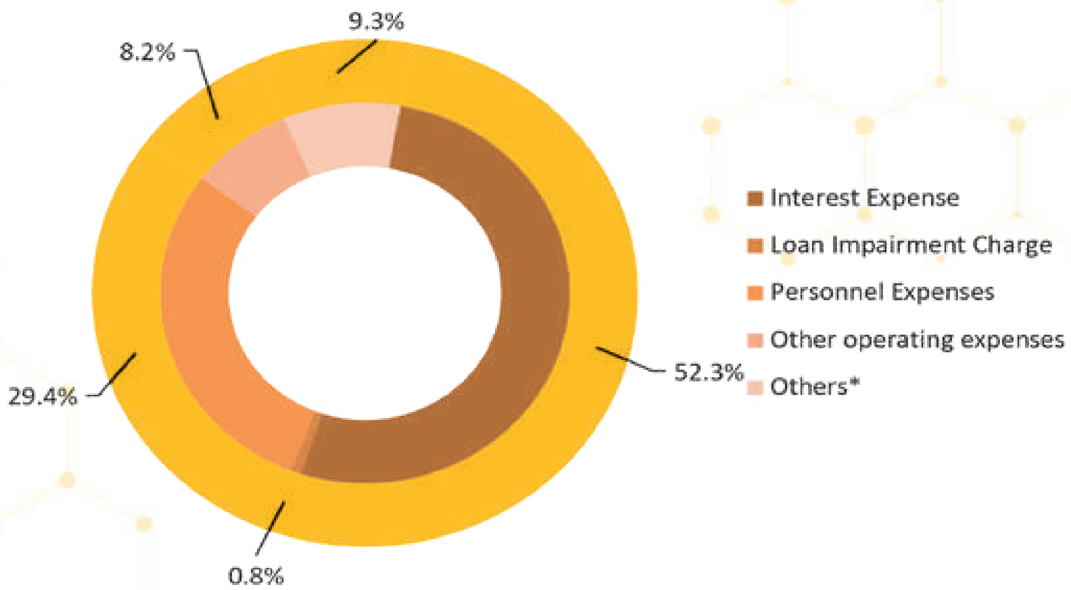
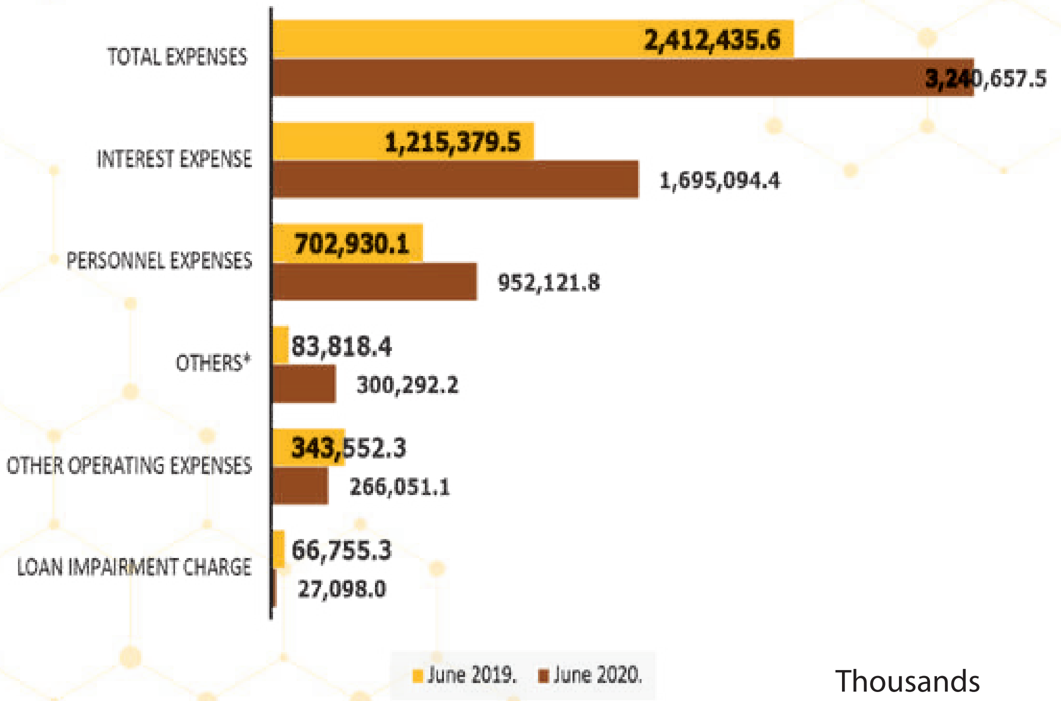


CHART 11: COMPARISON OF EXPENSES



PROFIT

The Bank's profit before and after tax for the financial year were Birr 1.31 billion and Birr 1.04 billion, respectively. The gross profit showed an increase of Birr 381.2 million which grew by 41.1% when compared to Birr 928.4 billion registered in the preceding financial year. Similarly, the net profit of the Bank has increased by Birr 322.9 million (44.8%) from last year's balance. This profit registered during 2019/20 budget year is a record high both in absolute and relative terms

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 3.4% in the financial year which is higher compared to last year same period of 3.1% showing the Bank's growing efficiency of using its assets for income generating activities.

On the other hand, during the financial year, return on paidup capital expressed as the ratio of net profit after tax to average paidup capital utilized during the year stood at 33.2%. The percentage for last year same period was 30.8%. This also indicates that the Bank is enhancing its capability of generating high return on shareholders paid up capital as compared to the previous period.

BUSINESS DEVELOPMENT AND OTHER MAJOR ACTIVITIES

During the reporting period, 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 ensure that the Bank's construction projects are going well as per the schedule, close follow-up and monitoring activities were undertaken;
- To establish efficient and effective performance management system; the Bank has developed a corporate Balanced Score Card (BSC). Further to cascade the corporate BSC to individual level and to fully implement the performance management system,various tasks were

performed by the project team established for this purpose;

- To meet changing demand and provide customer focused banking services, various new and modified products and channels have been innovated and issued to customers and went live. In this respect, the Bank has opened NIB Halal Branches, which are dedicated to provide full-fledged interest free banking services.
- To promote sound governance in IFB business an independent Shariah Advisory Board is established.
- To drive a culture of customer centricity, service excellence campaign was launched. Accordingly, different roadshows were conducted across the country.

HUMAN RESOURCE

At the close of the financial year, the staff strength of the Bank has reached 5,934 registering a growth of 19.3% from the preceding year similar period. The Bank has created job opportunity for the country's working force by recruiting 1,313 additional employees, of which 383 are professional and clerical staff and the remaining 930 were graduate trainee bankers and non-clericals. During the same period, 351 employees left the Bank due to various reasons.

Human resource development is also one of the primary concerns of the Bank. To this end, during the period under consideration, 119 in-house and external training programs including overseas trainings 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 525 employees who have been attending at different higher education institutions to improve their capabilities

RISK & COMPLIANCE MANAGEMENT

The Bank regularly identifies, measures, monitors and controls its major risks that incorporate credit, operational, liquidity and market (i.e. interest rate and foreign exchange) risks. Beyond that the Bank also independently assesses its exposure to strategic, reputational, legal, IT and Project risks.

To achieve the highest level of success in its risk management endeavor, the Bank adopted the contemporary three lines of defense model in order to effectively identify, measure, monitor and control its exposure to the captioned inherent risks.

In line with this model, the Bank distinguished its layer of risk management into three lines that have specific coordinated duties related to risk management. These lines include the frontline/ operational function that is responsible for owning and managing risks; the risk and compliance function that is bestowed with overseeing that the frontline function is properly managing risk in alignment with the set frameworks, structures and standard practices; and the internal audit function that is solely responsible for providing an independent assurance that thefirst and second lines of defense model is functioning as intended.

As part of its compliance management duty, the Bank is currently on the verge of implementing the State-of-the-art compliance module that will support in addressing compliance issues related to Anti-Money Laundering and Combating the Financing of Terrorism in line with international standards.

INFORMATION TECHNOLOGY

Technology has a major impact on the way banking and financial services are delivered. In order to enhance the application of modern banking and provide competitive services by employing state of the art technology, NIB has done a lot.

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. Among the massive range of IT related activities conducted during the year the following are some:

- The specific IT Service Management (ITSM) tool to be adopted is identified and it is already go-live and implementation of same was started;
- Activities in relation to creation of IT security awareness and building of IT security management capacity across the Bank are performed well;
- Building of Security Operation Center (SOC) has been started along with the design for Tier 3 Data center.

BRANCH NETWORK & ALTERNATIVE CHANNELS

During the financial year under review, the Bank expanded its branch network at various parts of the country. Accordingly, forty-one (41) new branches were opened during the period. Out of which; 21 branches were opened in different parts of Addis Ababa and the remaining 20 branches were opened in the regional towns making the total number of branches to reach 302 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 385 respectively.

During the financial period, the Bank has distributed a total of 124,443 new NIB Cards to its customers raising the total number of ATM card holders to 320,983 which makes 27.6% of the Bank's customers to be NIB's card holders. Moreover, Mobile and Internet Banking service alternatives are also strengthened and continued as means of reaching the customers.

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. Further, in addition to the provision of the service at all branches through a dedicated window, the Bank has commenced the opening of NIB Halal brancheswhich fully provides interest free banking services to customers.

In the financial year 2019/20, the total deposits mobilized through interest free banking service reached Birr 2.1 billion up by Birr 696.5 million (50.5%) compared with the previous year balance. The total number of Interest free deposit account holders also reached 126,038 increased by 93.0% as compared to last year same period of 65,296. Moreover, the Bank has established an independent Sharia Advisory Board.

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 37-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 the schedule.

In addition to the buildings at Dukem and Wolkite which are already made operational, the 4-storey building atHossa'ena andthe building at 4 Kilo (Addis Ababa) are already completed and become fully operational. The Hawassa twin tower building is also another project that is being undertaken by the Bank which is expected to be finalized during the 2020/21 FY and boost the image and presence of the Bank in regional towns and cities.

CORPORATE SOCIAL RESPONSIBILITY

In order for the Bank to achieve its goals and remain competitive, it needs to support the macro-economic environment in which it is working by cooperating with the government, the society at large as well as with other organizations.

Therefore, during the financial period, the Bank has carried out different social responsibilities and donated a total of Birr 21.9 million to support governments effort to beautify the capital Addis Ababa, "Gebeta for Sheger", to fight against COVID pandemic and to support different national missions and needy social groups. In addition to these, the Bank revised its lending interest rate and revised/cut charges on other services related to LC and CAD specially for those sector that are highly hit by the pandemic.

FUTURE PLANS

In an effort to keep the momentum of growth in the coming year, our priorities for the budget year 2020/21, based on our strategic aspirations includes the following:

- Continuing exerting maximum effort for the successful implementation of the strategic plan initiatives;
- Following up closely and giving support to the successful completion of construction projects in the budget year.
- Improving service quality and image building, upgrading process of Core Banking System, building Tier 3 data center, Hyper-converged infrastructure, Holistic and integrated E-banking solution as well asopening up of more branches will be among the most prioritized issues to be executed in the 2020/21 financial year;
- Establishing 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.
- Finalizing tasks related to relocation of the Bank's Head Office to its own Headquarters building;
- Re - implementation of the Core Banking System to R20;
- Deploying and operationalizing a Call Center;
- Aggressive deployment of ATM and POS

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.

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 2019/20. In this regard, the Board is pleased 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 tothe National Bank of Ethiopia and the Bank's shareholders for their strong support and understanding, which they consistently demonstrated during the reporting year.

WoldetensaiWoldegiorgis

Chairman, Board of Directors
December 2020

Photo Gallery

Board & EMC
Training
Kuriftu Resort

Board & EMC
Training
Saromaria Hotel

Board & EMC
Entoto Park
Training


Nib InternationalBank
2019/20 4th Quarter & Annual Performance
Evaluation Meeting
Meeting in Session

NIB MARKETING CAMPAIGN

Social Responsibility Engagement Addis Ababa City Government Student Feeding Event

Recognition Award

Best Performing branches Award Ceremony

Nib Financed Projects

Nib Head Quarters

Hossana Building Inauguration

Arat kilo Building

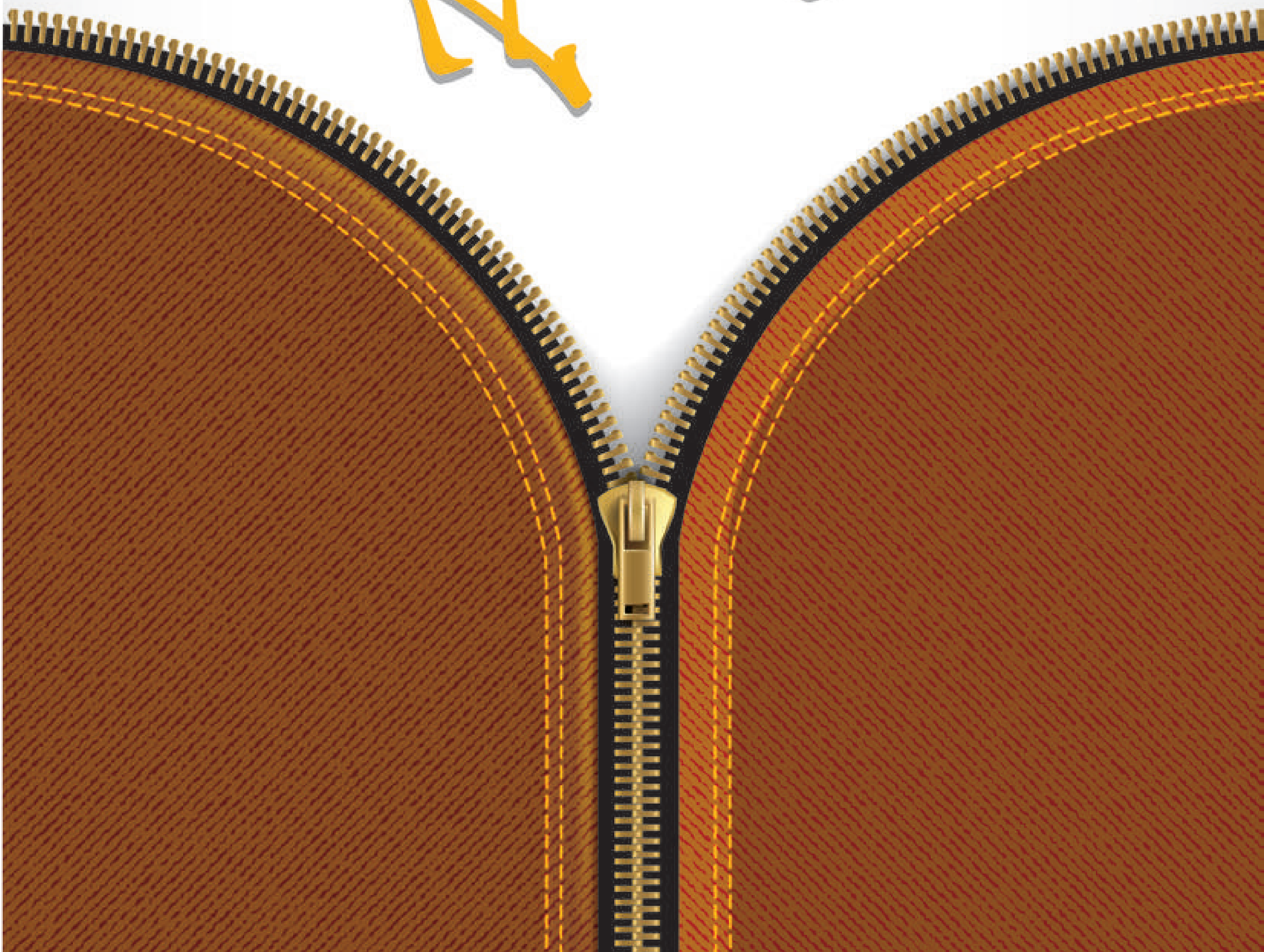
Wolkite Building

Arat kilo Premium branch

Hawassa Building

Dukem Building

Auditor's Report



NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENT
30 JUNE 2020

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

Directors

		Appointment date
Ato Woldetensai Woldegiorgi	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

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	10, May 2019
Ato Beyene Alemu	Director, Legal service Department	11, January 2013
Wro Eden Haddis	Director, Treasury Department	05, March 2013
Ato Zelalem Solomon	Director, Business Systems	14, August 2020
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	08, May 2019
Ato Melkamu Solomon	Director, Internal Audit Department	12, December 2016
Ato Tewodros Nigussie	Director, Corporate Banking Department	14, August 2020
Ato Mulugeta Dilnesaw	Director, Facilities & Maintenance Management	01, March 2019
Ato Animut Addis	A/Director, IT Infrastructure & System Support	20, August 2020
Ato Shiferaw Argaw	Director, Retail & SME Department	01, March 2019
Ato Amin 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 2020
REPORT OF THE DIRECTORS

The directors submit their report together with the financial statements for the year ended 30 June 2020, 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 2020 are set out on page 39 The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2020 Birr'000	30 June 2019 Birr'000
Interest income	3,901,744	2,858,493
Profit before tax	1,309,631	928,438
Income tax expense	(266,001)	(207,691)
Profit for the year	1,043,629	720,747
Othe	38,484	1,255
Total comprehensive income for the year	1,082,113	722,002

Directors
The directors who held office during the year and to the date of this report are set out on page 1.

Woldetensai Woldegiorgis
Chairman, Board of Directors
Addis Ababa, Ethiopia

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
STATEMENT 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

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

No.4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NIB INTERNATIONAL BANK

OPINION

We have audited the accompanying financial statements of *NIB INTERNATIONAL BANK* which comprise the statement of profit and loss and other comprehensive income for the year ended 30 June 2020, statement of financial position as at 30 June 2020, statement of changing equity and statement of cash flows for the year then ended and summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of *NIB INTERNATIONAL BANK* as at 30 June 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by IAASB.

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.

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 that there is no key audit matter to be communicated in our report.

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.

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NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30 June 2020 Birr'000	30 June 2019 Birr'000
Interest income calculated using the EIR method	5	3,901,744	2,858,493
Interest expense	6	(1,695,094)	(1,215,379)
Interest expense: Lease Liabilities	7	(20,060)	-
Net interest income		**2,186,590**	**1,643,114**
Fee and commission income	8	494,682	415,243
Fee and commission expense	8	(5,264)	(4,026)
Net fees and commission income		**489,418**	**411,217**
Other operating income	9	150,571	65,900
Total operating income		**2,826,579**	**2,120,231**
Loan impairment charge	10	(27,098)	(66,755)
Impairment losses on other assets	11	2,572	-
Impairment Charge on deposit with other banks	14	(49)	(21)
Impairment Charge on NBE Bills	16	11	(30)
financial guarantee	24	(1,357)	1,236
Net operating income		**2,800,659**	**2,054,661**
Personnel expenses	12	(952,122)	(702,930)
Amortisation of intangible assets	21	(4,702)	(7,055)
Depreciation and impairment of right-of-use asset	22	(200,441)	-
Depreciation and impairment of property, plant and equipment	23	(68,419)	(72,492)
Other operating expenses	13	(266,051)	(343,552)
		(1,491,736)	**(1,126,030)**
Profit before tax and share of income from associates		1,308,923	928,632
Share of net profit of associate accounted for using the equity method	18	708	(193)
Profit before tax		**1,309,631**	**928,438**
Income tax expense	14	(266,001)	(207,691)
Profit after tax		**1,043,629**	**720,747**
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	28	3,389	(6,239)
Deferred tax (liability)/asset on remeasurement gain or loss	14	(1,017)	1,872
Bank's share of associate's other comprehensive income(net of tax)		(15)	(15)
		2,357	(4,382)
Gain on change in Fair Value of Investment Securities		51,609	8,053
Deferred tax (liability)/asset on gain on change in fair value of equity securities		(15,483)	(2,416)
		36,126	5,637
Total comprehensive income for the period		**1,082,113**	**722,002**
Basic & diluted earnings per share (Birr)	27	166	

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

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2020 Birr'000	30 June 2019 Birr'000
ASSETS			
Cash and bank balances	15	5,336,601	3,931,025
Loans and advances to customers	16	25,571,458	19,250,471
Investment securities:			
- Fair value through other comprehensive incom	17	203,091	122,680
- Amortzed cost (NBE Bills)	17	6,653,975	6,744,262
Investment in associates	18	48,062	49,377
Other assets	19	1,325,263	1,254,108
Investment property	20	22,943	23,408
Intangible assets	21	24,370	21,205
Right-of-use asset	22	517,356	-
Property, plant and equipment	23	2,760,628	2,320,890
Deferred tax assets	14		-
Total assets		**42,463,747**	**33,717,427**
LIABILITIES			
Deposits from customers	24	33,651,115	27,663,710
Borrowings	25	53,515	-
Current tax liabilities	14	246,560	210,702
Other liabilities	26	2,408,434	1,392,143
Lease liabilities	27	240,334	
Retirement benefit obligations	28	31,271	30,157
Deferred tax liabilities	14	45,610	9,669
		36,676,839	29,306,381
Total liabilities		**36,676,839**	**29,306,381**
EQUITY			
Share capital	29	3,436,209	2,649,974
Share premium	29	-	-
Regulatory risk reserve	4.2.9	217,818	170,754
Retained earnings	31	733,383	490,310
Legal reserve	32	1,355,752	1,094,844
Special reserve	33	2,100	2,000
Other comprehensive income		41,647	3,163
Total equity		**5,786,908**	**4,411,046**
Total equity and liabilities		**42,463,747**	**33,717,427**

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 October 23, 2020 and were signed on its behalf by:

Woldetensai Woldegiorgis
Chairman, Board of Directors

Genene Ruga
President

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NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
STATEMENT 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 2019		**2,649,974**	**-**	**490,311**	**1,094,843**	**2,000**	**170,754**	**3,163**	**4,411,045**
Profit for the year	31	-	-	1,043,629	-	-	-	-	1,043,629
Net other comprehensive incomefor the year		-	-	-	-	-	-	38,484	38,484
Issue of shares	29	786,236	-	-	-	-			786,236
Transfer to legal reserve	32	-	-	(260,907)	260,907	-			-
Transfer to special reserve	33	-	-	(100)	-	100			-
Transfer to regulatory risk reserve				(47,065)			47,065	-	-
Dividend paid	31	-	-	(490,310)	-	-			(490,310)
Loss allowance on deposits with other banks				-					-
Board of directors' remuneration	31			(1,800)					(1,800)
Allowance for Board of director's election nomination committee	31			(375)					(375)
As at 30 June 2020		**3,436,210**	**-**	**733,384**	**1,355,750**	**2,100**	**217,819**	**41,647**	**5,786,908**

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

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
STATEMENT OF CASH FLOWS

	Notes	30 June 2020 Birr'000	30 June 2019 Birr'000
Cash flows from operating activities			
Cash generated from operations	34	(6,245,297)	(6,710,812)
Proceeds of deposits from customers	22	5,987,406	6,044,474
Interest received	5	3,901,745	2,858,494
Interest paid	6	(1,695,094)	(1,215,379)
Interest paid: Lease liabilities	7	(7,973)	
Defined benefit paid	28	(1,898)	(1,779)
Directors allowance paid		(1,800)	(1,800)
Income tax paid		(210,702)	(137,772)
Net cash (outflow)/inflow from operating activities		**1,726,386**	**835,426**
Cash flows from investing activities			
Purchase of equity investments	17	(9,931)	(8,085)
Purchase of intangible assets	21	(7,867)	(617)
Payment for construction in progress	23	(414,886)	(345,505)
Payment for right-of-use asset	27	(341,248)	-
Purchase of property, plant and	23	(109,673)	(117,983)
Purchase of NBE Bills		127,339	(592,918)
Interest on NBE Bills		(37,041)	(15,859)
Additional investment in associates		(708)	193
Proceeds from sale of property, plant and equipment and repossed collateral	34	(28)	(149)
Net cash (outflow)/inflow from investing activities		**(794,043)**	**(1,080,923)**
Cash flows from financing activities			
Proceeds from issues of shares	29	786,236	555,437
Proceeds from borrowings	25	53,515	(203,682)
Repayment of lease liabilities: principal	25	(148,301)	-
Dividend paid	31	(490,309)	(332,077)
Net cash (outflow)/inflow from financing activities		**201,141**	**19,678**
Net increase/(decrease) in cash and cash equivalents		**1,133,485**	**(225,820)**
Cash and cash equivalents at the beginning of the year	15	2,558,975	2,784,796
Effect of exchange rate movement on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	15	**3,692,460**	**2,558,975**

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

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS

1 General informatio

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 2020 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.

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ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS

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.

2.2.2 New standards and amendments to existing standards

The Bank has consistently applied the accounting policies to all periods presented in these financial statements. The below are amendments to standards that are effective for annual periods beginning after 30 June 2020, and have not been applied in preparing these financial statements.

Standard	Description	Effective date	Impact
IAS 1 – Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows	The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. Earlier application is permitted.	The Bank has opted not adopt early. No significant impact is expected.
IAS 8, accounting policies, changes in accounting estimates and errors	IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.	The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.	The Bank planned to adopt this standard by next year.
IAS 16, Property plant and equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The Bank opted to adopt the amendments when due. But no significant change is expected.

NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS

Standard	Description	Effective date	Impact
IAS 17, Provision, contingent liabilities and contingent assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The Bank opted to apply the amendments when due.
IAS 41 Agriculture	IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell.	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The standard is not relevant for the Bank's reporting purpose.
IFRS 3, Business combination	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	The standard is not relevant for the Bank's reporting purpose as of now. The amendments shall be considered when the Bank gets involved in a transaction that involve business combination
IFRS (Financial Instruments)	The final version of IFRS 9 "Financial Instruments" issued in July 2014 is the IASB's replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The Bank shall apply the amendments when due. The amendments are expected to have an impact on the Bank's financial statements.
IFRS 16, Leases	IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.	Annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted, if IFRS 15, Revenue from Contracts with Customers, has also been applied. The amendments with regard to covid-19 are effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at May 28, 2020.	The Bank opted to adopt the amendments when due. But no significant change is expected.

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NIB INTERNATIONAL BANK
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS

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.

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NOTES TO THE FINANCIAL STATEMENTS

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, manufacturing, agriculture and personal loans. Other incomes includes service charges and commissions on letter of credits and performance guarantees.

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.

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FOR THE YEAR ENDED 30 JUNE 2020
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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.

2.6 Financial assets and financial liabilities

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

— 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.

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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

— 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).

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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 tha 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.

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 instruments'.

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 gros carrying amount and the present value of estimated future cash flows;

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— 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;

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— 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.

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Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI shal 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 expir

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 asse shall be deemed to have expired. In this case, the original financial asset shall be derecognised and a new financia asset shall be recognised at fair value plus any eligible transaction costs. Any fees received as part of the modificatior shall be accounted for as follows:

— fees that are considered in determining the fair value of the new asset and fees that represent reimbursemen 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 i usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantiall 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 o 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 ir profit or loss. Any costs or fees incurred and fees receivedas part of the modification adjust the gross carryin amount of the modified financial asset and shall be amortised over the remaining term of the modified financia asset.

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

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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.

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.

2.7 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.

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2.8 Net interest income

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.

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

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 interes

– interest on debt instruments measured at FVOCI calculated on an effective interest basis;

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_ 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.

2.9 *Leases*

The Bank has initially adopted IFRS 16 from 1 July 2019. The standard eliminates the classification of leases as either operating leases or finance leases under IAS 17 and introduces a single lease accounting model that requires lessees to recognize assets and corresponding liabilities. Due to the transition method chosen by the Bank in applying IFRS 16, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

It also elected to apply the practical expedient that allows entities to rely on its assessment of whether leases were onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

The effect of initially applying IFRS 16 is mainly attributed to:
_ an increase in non-current assets as obligations to make future payments under leases previously classified as an operating lease were recognized on the balance sheet, along with the corresponding asset: right-of-use asset.
_ Expenditure on operation has decreased and finance cost have increased, as operating lease costs have been replaced by depreciation and interest expense on lease liabilities.

The adoption of IFRS 16 requires the Bank to make a number of assumptions, estimations and judgments that includes:
_ lease liabilities were determined based on the value of the remaining lease payments, discounted by an appropriate incremental borrowing rate.
_ term of each arrengment was based on the original lease term.
_ The discount rate used to determine lease liabilities was the Bank's incremental borrowing rate. It was calculated based on observable inputs.

At the commencement date, the Bank recognized:
_ all leases as right right-of-use-asset at cost. Cost of right-of-use asset includes the amount of lease liability, lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to be incurred by the Bank in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

_ a lease liability at the present value of the lease payments that are not paid at that date. Present value of lease payments will be determined by discounting future lease payments at the interest rate implicit in the lease arrangement, if it is readily determined or at Bank's incremental borrowing rate.

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After the commencement date, the Bank masures:
_ right-of-use assets using cost model, i.e. cost at initial recognition less accumulated depreciation (in line with IAS 16: Property, plant and Equipment) and accumulated impairment losses (in line with IAS 36: Impairment of Assets).
_ lease liability by increasing its carrying amount to reflect interest on the lease liability and by reducing its carrying amount to reflect lease payments made.

Interest incurred on lease liability will be recognized in the statement of profit and loss as a finance cost.

Determination of whether an arrangement is a lease, or contains a lease

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 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.

2.10 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.

2.11 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.

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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 ite	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.

The assets under lease agreement (right of use assets) are depreciated over lease period.

2.12 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

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2.13 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.

2.14 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.

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2.15 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.

2.16 Other

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.

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2.17 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.

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2.18 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.

(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.

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2.19 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.

2.20 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.

2.21 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.

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 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.

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(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

Judgements, estimates and assumptions

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

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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.

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.

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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.

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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.

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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 and FVOCI debt investments. 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.

	2020			
In Birr'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost				
Stage 1 – Pass	22,345,560	-	-	**22,345,560**
Stage 2 – Special mention	-	3,163,463	279,516	**3,442,979**
Stage 3 - Non performing	-	-		-
Total gross exposure	**22,345,560**	**3,163,463**	**279,516**	**25,788,539**
Loss allowance	**(138,147)**	**(33,764)**	**(45,171)**	**(217,082)**
Net carrying amount	**22,207,413**	**3,129,699**	**234,345**	**25,571,457**

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In Birr'000	2020			
Other financial assets (debt instruments)		Gross exposure	Loss allowance	Net carrying amount
Cash and balances with banks	12 Month ECL	5,336,791	(190)	5,336,601
Investment securities (debt instruments)	12 Month ECL	6,654,301	(326)	6,653,975
Other recevables and financial assets	Lifetime ECL	843,673	(7,300)	836,373
Totals		**12,834,765**	**(7,816)**	**12,826,949**

	2019			
In Birr'000	Stage 1	Stage 2	Stage 3	Total
customers at amortised cost				
Stage 1 – Pass	17,458,386	-	-	**17,458,386**
Stage 2 – Special mention	-	1,516,942	-	**1,516,942**
Stage 3 - Non performing	-	-	465,126	**465,126**
Total gross exposure	**17,458,386**	**1,516,942**	**465,126**	**19,440,454**
Loss allowance	(96,867)	(16,023)	(77,095)	(189,984)
Net carrying amount	**17,361,519**	**1,500,919**	**388,031**	**19,250,470**

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**

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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.

30 June 2020	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	128,131	331,627	493	5,122	260	337,502
- Manufacturing	5,168,778	13,377,767	19,874	206,617	10,472	13,614,731
- Domestic Trade and Service	4,786,813	12,389,170	18,406	191,348	9,699	12,608,622
- Transport and communication	374,899	966,924	1,436	14,934	757	984,051
- Hotel and tourism	2,915,645	7,546,234	11,211	116,550	5,907	7,679,903
- Export	4,131,659	10,693,508	15,887	165,159	8,371	10,882,925
- Import	3,230,183	8,360,320	12,420	129,123	6,545	8,508,408
- Building and Construction	3,961,651	10,122,652	15,038	156,342	7,924	10,301,957
- Mines, Power and Water	159,755	413,475	614.27	6,386	324	420,799
- Staff loans and advances	672,640	1,875,145	2,785.76	28,961	1,468	1,908,360
- Personal	258,385	678,016	1,007	10,472	531	690,026
	25,788,539	**66,754,840**	**99,173**	**1,031,014**	**52,257**	**67,937,284**
Investment securities:						-
- FVOCI	203,091					-
- Amortzed cost (NBE Bills)	6,654,301					-
	6,857,392	-	-	-	-	-
Other assets	843,673	-	-	-	-	-
	843,673	-	-	-	-	-
Purchase commitments	89,014					
Loan commitments	1,585,262					
Guarantees	892,464					
Letters of credit and others	1,282,159					
	37,338,503	**66,754,840**	**99,173**	**1,031,014**	**52,257**	**67,937,284**

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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	0	-	-	526,929
- Staff loans and advances	218,914	0	0	-	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

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 28.5 million (2019: ETB 64.27 million) and the value of identifiable collateral held against those loans and advances amounted to ETB 38.44 million (2019: ETB 123.44 million). For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

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ii) Investment securities designated as at FVTPL

At 30 June 2020, 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.(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

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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).

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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.

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.

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

Sector/ Product	Macroeconomic factors				
Agriculture, Personal loans and Staff loans	INFLATION: Consumer price index, 2010 = 100, ave	EXCHANGE RATE: ETB/USD, ave	GDP EXPENDITURE: Exports of goods and services, USD per capita	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 and Manufacturing & Production	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, ETBbn	EXCHANGE RATE: Real effective exchange rate, index	GDP EXPENDITURE: Private final consumption, USDbn	DEBT: Total government debt, USDbn

Macro-economic factor	2020	2021	2022
INFLATION: Consumer price index, 2010 = 100	397	470.4	517.4
GDP: GDP per capita, USD	783	889	1004
GDP EXPENDITURE: Exports of goods and services, USD per ca	64.4	72.1	80.3
GDP EXPENDITURE: Exports of goods and services, ETBbn	246.7	291.7	342.9
EXCHANGE RATE: ETB/USD	33.31	34.31	35.34
GDP EXPENDITURE: Imports of goods and services, USDbn	25.4	31.4	35.9
FISCAL: Current expenditure, USDbn	8.1	9.6	10.9
GDP EXPENDITURE: Imports of goods and services, ETBbn	845.7	1077.9	1270.6
INFLATION: Consumer price index, 2010 = 100	397	470.4	517.4
DEBT: Government domestic debt, ETBbn	752	872.3	1003.1
EXCHANGE RATE: Real effective exchange rate, index	126.32	124.12	122.16
GDP EXPENDITURE: Private final consumption, USDbn	68	81.9	95
STRATIFICATION: Household Spending, ETBbn	2095.7	2503.8	2991.5
FISCAL: Total revenue, USDbn	9.6	10.3	11.6
DEBT: Total government debt, USDbn	55.2	67.1	77.0

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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.

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.

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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.

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x) *Loss allowance*

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

	2020			
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 2019	**96,867**	**16,023**	**77,095**	**189,984**
Transfer to stage 1 (12 months ECL)	20,221	(6,135)	(14,087)	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(42,649)	62,112	(19,463)	-
Transfer to stage 3 (Lifetime ECL credit impaired)	(825)	(485)	1,310	-
Net remeasurement of loss allowance	19,793	(43,122)	24,036	706
New financial assets originated or purchased	81,471	11,733	6,409	99,612
Financial assets derecognised	(36,731)	(6,362)	(30,128)	(73,220)
Balance as at 30 June 2020	**138,147**	**33,764**	**45,171**	**217,082**

	2020			
In Birr'000	Cash and balances with banks	Investment securities (debt instrumen	Other receivables and financial assets	Total
Other financial assets (debt instruments)				
Balance as at 1 July 2019	**(141)**	**(337)**	**(9,872)**	**(10,350)**
Net remeasurement of loss allowance	(49)	11	2,572	2,534
Balance as at 30 June 2020	**(190)**	**(326)**	**(7,300)**	**(7,816)**

	2020			
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 2019	**3,962**	**22**	**0**	**3,985**
Transfer to stage 1 (12 months ECL)	12	(12)	(0)	0
Transfer to stage 2 (Lifetime ECL not credit impaired)	(15)	15	-	-
Transfer to stage 3 (Lifetime ECL credit impaired)	(1)	-	1	-
Net remeasurement of loss allowance	556	177	363	1,095
New financial assets originated or purchased	2,030	5	598	2,633
Financial assets derecognised	(2,361)	(10)	(0)	(2,371)
Balance as at 30 June 2020	**4,184**	**197**	**961**	**5,341**

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	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	**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	**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 instrumen**	**Other receivables and financial assets**	**Total**
Other financial assets (debt instrumen				
Balance as at 1 July 2018	**(120)**	**(307)**	**(9,872)**	**(10,299)**
Net remeasurement of loss allowance	(21)	(30)	-	(51)
Balance as at 30 June 2019	**(141)**	**(337)**	**(9,872)**	**(10,350)**

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4.2.4 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	128
Manufacturing	5,169
Domestic Trade and Service	4,787
Transport and communications	375
Hotel and tourism	2,916
Export	4,132
Import	3,230
Building and Construction	3,962
Mines, Power and Water	160
Staff loans and advances	673
Personal loans	258
Total	**25,789**

4.2.5 Net interest income

In millions of ETB	2020	2019
Interest income	3,902	2,858
Interest expense	(1,715)	(1,215)
Net interest income	**2,187**	**1,643**

4.2.6 Cash and cash equivalents

In millions of ETB	2020	2019
Unrestricted balances with central banks	416	433
Cash and balances with other banks	3,276	2,126
Money market placements	-	-
Total cash and cash equivalents	**3,692**	**2,559**

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4.2.7 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 balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

During the period ended 30 June 2020, the Bank transferred an amount of Birr 47 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 2020 Birr'000	30 June 2019 Birr'000
Total impairment based on IFRS	(230,239)	(194,447)
Total impairment based on NBE Directives	(410,373)	(285,100)
Write-back	180,134	90,653
Legal reserve @ 25%	(45,034)	(22,663)
	135,101	**67,990**
(b) Suspended interest included within various line items under interest income	48,362	86,545
Income tax @30%	(14,509)	(25,964)
	33,853	**60,582**
Legal reserve @ 25%	(8,463)	(15,145)
	25,390	**45,436**
Day 1 adjustment to loss allowance on loans and advances (on balance sheet) as at 1 July	-	57,328
	160,490	**170,754**

Movements in regulatory risk reserve account

As at July 1, 2019	**170,754**
Change in impairment	67,111
Change in suspended interest	(20,046)
As at June 1, 2020	**217,818**

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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 department. The treasury 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 2020	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	2,133,176	1,920,592	1,892,450	1,418,796	26,286,101	33,651,115
Borrowings					53,515	53,515
Other liabilities	489,073	267,712	42,972	41,702	84,866	926,325
Total financial liabilities	2,622,249	2,188,304	1,935,422	1,460,498	26,424,482	34,630,955

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

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.

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(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.

30 June 2020	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and cash equivalents	5,336,601		5,336,601
Loans and advances to customers	25,571,458		25,571,458
Investment securities;			-
- Amortized cost-NBE Bills	6,653,975		6,653,975
- Fair value through other comprehensive income		203,091	203,091
Investment in associates		48,062	48,062
Other assets		836,373	836,373
Total	37,562,034	1,087,526	38,649,560
Liabilities			
Deposits from customers	33,651,115		33,651,115
Borrowings	53,515		53,515
Other liabilities		926,325	926,325
Total	33,704,630	926,325	34,630,955

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		602,966	602,966
Total	27,663,710	602,966	28,266,676

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 2020 and 30 June 2019. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

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(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 595 million (30 June 2019: Birr 645 million).

Foreign currency denominated balances

	30 June 2020 Birr'000	30 June 2019 Birr'000
Cash and bank balances	137,034	75,477
Other assets	39,563	25,240
Deposits from customers	(770,665)	(443,800)
Other liabilities	(1,168)	(301,944)
	(595,236)	(645,027)

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 2020	Carrying amount Birr'000	10% increase in basis point Birr'000	10% decrease in basis point Birr'000
USD	(581,480.25)	(58,148)	58,148
Euro	(15,262.07)	(1,526)	1,526
GBP	2,017.52	202	(202)
Others	(511.47)	(51)	51
	(595,236)	(59,524)	59,524

30 June 2019	Carrying amount Birr'000	10% increase in basis point Birr'000	10% decrease in basis point Birr'000
USD	(635,816)	(63,582)	63,582
Euro	(10,485)	(1,049)	1,049
GBP	1,652	165	(165)
Others	(377)	(38)	38
	(645,026)	(64,503)	64,503

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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 2020 Birr'000	30 June 2019 Birr'000
Capital		
Share capital	3,436,209	2,649,974
Share premium	-	-
Legal reserve	1,355,752	1,094,844
Special reserve	2,100	2,000
	4,794,061	3,746,818
Risk weighted assets		
Risk weighted balance for on-balance sheet items	30,821,585	23,246,085
Credit equivalents for off-balance Sheet Items	1,438,468	2,521,321
	32,260,053	25,767,406
Risk-weighted Capital Adequacy Ratio (CAR)	14.9%	14.5%
Minimum required capital	8%	8%
Excess	2,213,257	1,685,425

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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.

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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 2020 Carrying amount Birr'000	Fair Value Birr'000	30 June 2019 Carrying amount Birr'000	Fair Value Birr'000
Financial assets				
Cash and cash equivalents	5,336,601	5,336,601	3,931,025	3,931,025
Loans and advance to customers	25,571,458	25,571,458	19,250,471	19,250,471
Investment securities				
- Amortzed cost (NBE Bills)	6,653,975	6,653,975	6,744,262	6,744,262
- Fair value through other comprehensive income	203,091	203,091	122,680	122,680
Other assets	836,373	836,373	445,778	445,778
Total	30,908,059	30,908,059	23,181,496	23,181,496
Financial liabilities				
Deposits from customers	33,651,115	33,651,115	27,663,710	27,663,710
Borrowings	53,515	53,515		
Other liabilities	926,325	926,325	602,966	602,966
Total	34,630,955	34,630,955	28,266,676	28,266,676

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.

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		30 June 2020 Birr'000	30 June 2019 Birr'000
5	**Interest income calculated using the EIR method**		
	Cash and bank balances	113,339	65,942
	Loans and advances to customers	3,523,282	2,595,038
	Investment securities - loans and receivables	265,122	197,514
		3,901,744	2,858,493

Included within various line items under interest income for the year ended 30 June 2020 is a total of Birr 81 million (30 June 2019: Birr 88 million) relating to impaired financial assets.

		30 June 2020 Birr'000	30 June 2019 Birr'000
6	**Interest expense**		
	Deposits	1,624,037	1,208,915
	National Bank of Ethiopia Borrowing	69,924	-
	Borrowing from other banks	1,134	6,465
		1,695,094	**1,215,379**

		30 June 2020 Birr'000	30 June 2019 Birr'000
7	**Interest expense: Lease liabilities**	20,060	-
		20,060	-

		30 June 2020 Birr'000	30 June 2019 Birr'000
8	**Net fees and commission income**		
	Fee and commission income		
	Telegraphic transfer and drafts	584	1,151
	Cash payment order	2,958	4,132
	Letters of credit commission and fees	72,424	59,229
	Letters of guarantee	34,618	25,472
	Money transfer commission	1,083	1,893
	Service charges	365,034	313,845
	Other commissions	17,982	9,521
		494,682	415,243
	Fee and commission expense		
	Bank charges/commission	4,462	3,344
	Correspondent fees	803	682
		5,264	4,026
	Net fees and commission income	489,418	411,217

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		30 June 2020 Birr'000	30 June 2019 Birr'000
9	**Other operating income**		
	Gain on disposal of properties	65	1,093
	Correspondent charges	583	1,607
	Unused provision on legal cases	10,040	7,069
	Estimation fee	29,039	33,640
	Dividend income	84,065	6,906
	Rent	4,367	3,610
	Mark up on murabaha finance	1,971	-
	Other income	20,440	11,975
		150,571	65,900

		30 June 2020 Birr'000	30 June 2019 Birr'000
10	**Loan impairment charge**		
	Loans and receivables - charge for the year (note 16)	189,984	205,313
	Day 1 adjustment on loans and advances	-	(82,084)
		(217,082)	(189,984)
		(27,098)	(66,755)

		30 June 2020 Birr'000	30 June 2019 Birr'000
11	**Impairment losses on other assets**		
	Other assets -Banance at end of the year (note 19)	(7,300)	-
	Other assets - Balance at beginning the year (note 19)	9,872	-
	Impairement loss(reversal) for the year	2,572	-

		30 June 2020 Birr'000	30 June 2019 Birr'000
12	**Personnel expenses**		
	Short term employee benefits:		
	Salaries	720,408	432,060
	Staff allowances	117,663	73,229
	Other staff expenses	30,499	138,598
	Pension costs:		
	Defined contribution plan	77,153	53,926
	Defined benefit plans (note 28)	6,400	5,117
		952,122	702,930

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		30 June 2020 Birr'000	30 June 2019 Birr'000
13	**Other operating expenses**		
	Rental expenses	-	163,398
	Advertisement and publicity	13,747	17,098
	Stationary and printing expenses	22,702	16,767
	Phone, telegram and telex expenses	16,649	17,180
	Repairs and maintenance	12,217	12,133
	Insurance	10,170	10,304
	Fuel and lubricants	9,636	9,540
	Loss on foreign exchange	52,014	4,841
	Audit fee	460	460
	Legal and professional fees	3,492	2,329
	Per diem and travel expenses	6,443	4,964
	Loss on disposal of fixed asset	93	1,243
	Transportation	5,026	3,330
	Entertainment	17,770	15,087
	Provision on legal Cases	-	-
	Penality		889
	Interest on lease payment	-	1,374
	Meeting, workshop and seminars	2,520	1,653
	General assembly meeting	1,649	1,285
	Car and representation allowance	4,596	2,958
	Swift expense	202	110
	Cleaning supplies	3,906	1,729
	License fee	21,969	8,889
	ATM transactions and card personalization	16,925	9,811
	Donation	21,875	16,660
	Wages	2,144	1,446
	Utility fees	3,233	2,437
	Amortization of operating lease	-	604
	Directors' monthly allowances	1,734	1,517
	Other operating expenses	14,876	13,517
		266,051	**343,552**

		30 June 2020 Birr'000	30 June 2019 Birr'000
14	**Company income and deferred tax**		
14a	**Income tax**		
	Current income tax	246,560	210,703
	Deferred income tax/(credit) to profit or loss	19,442	(3,011)
	Total charge to profit or loss	266,001	207,691
	Tax (credit) on other comprehensive income	16,499	544
	Total tax in statement of comprehensive income	282,501	208,236

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14b 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 th statutory income tax rate as follows:

	30 June 2020 Birr'000	30 June 2019 Birr'00
Profit before tax	1,308,923	928,632
Add: Disallowed expenses		
Entertainment	17,770	15,087
Severance expense	4,503	3,338
Provision for loans and advances as per IFRS	28,504	65,571
Penality	-	889
Donation	15,375	-
Depreciation and impairment of right-of-use asset	200,441	-
Interest expense: Lease liabilities	20,060	-
Depreciation (PPE) for accounting purpose	68,419	72,492
Amortization for accounting purpose	4,702	7,055
Total disallowable expenses	**359,774**	**164,431**
Less: Allowed expenses		
Depreciation for tax purpose	82,645	68,824
Provision for loans and advances for tax NBE 80%	83,247	44,496
Unsused provision on legal cases	10,040	7,069
Interest income on foregin deposits	179	179
Dividend income taxed at source	84,065	6,906
Interest income taxed at source-NBE Bills	265,122	197,514
Interest income taxed at source-Local Deposit	113,160	65,762
Rent expense	205,819	-
Excess provision on other asset reversed	2,583	
Total allowed expenses	**846,861**	**390,751**
Taxable profit	821,836	702,312
Current tax at 30%	246,551	210,694
Tax on foreign deposit at 5%	9	9
Deferred tax	19,442	(3,011
Income tax expense/ (credit) recognised in profit or	**266,001**	**207,69**

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14c **Current income tax liability**	30 June 2020 Birr'000	30 June 2019 Birr'000
Balance at the beginning of the year	210,702	137,772
Charge for the year:		
Income tax expense	246,560	210,702
Payment during the year	(210,702)	(137,772)
Balance at the end of the year	246,560	210,702

14d Deferred income tax

	30 June 2020 Birr'000	30 June Birr'000
The analysis of deferred tax (assets)/liabilities is as follows:		
Deferred tax liabilities	45,610	9,669
	45,610	9,669

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 2019 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2020 Birr'000
Property, plant and equipment	(12,586)	(20,792)	-	(33,379)
Post employment benefit obligation	9,047	1,351	(1,017)	9,381
Equity Securities	(6,130)	-	(15,483)	(21,613)
Total deferred tax assets/(liabilities)	(9,669)	(19,442)	(16,499)	(45,610)

15 **Cash and bank balances**	30 June 2020 Birr'000	30 June Birr'000
Cash in hand	1,533,737	1,106,738
Deposit with local commercial banks	1,636,660	992,004
Deposit with foreign banks	105,599	27,720
	3,275,997	2,126,462
Deposit with NBE	2,060,794	1,804,704
	5,336,791	**3,931,166**
Loss Allowance on Deposits	(190)	(141)
	5,336,601	**3,931,025**

Maturity analysis	30 June 2020 Birr'000	30 June Birr'000
Current	3,692,270	2,558,834
Non-Current	1,644,331	1,372,191
	5,336,601	3,931,025

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15a 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 2020 Birr'000	30 June 2019 Birr'000
Balance as above	5,336,791	3,931,166
Cash reserve held with the National Bank of Ethiopia	(1,644,331)	(1,372,191)
	3,692,460	2,558,975

16 Loans and advances to customers

	30 June 2020 Birr'000	30 June 2019 Birr'000
Agriculture	128,131	133,515
Manufacturing	5,168,778	3,810,893
Domestic Trade and Service	4,786,813	3,854,823
Transport and communications	374,899	270,702
Hotel and tourism	2,915,645	2,327,673
Export	4,131,659	2,781,757
Import	3,230,183	2,590,609
Building and Construction	3,961,651	3,316,983
Mines, Power and Water	159,755	110,658
Staff loans and advances	672,640	218,914
Personal loans	258,385	23,929
Gross amount	25,788,539	19,440,455
Less: Impairment allowance	(217,082)	(189,984)
	25,571,458	19,250,471

17 Investment securities

	30 June 2020 Birr'000	30 June 2019 Birr'000
Available for sale:		
Equity Investments	203,091	122,680
	203,091	122,680

The equity investment shown above contains investment in Jemar Hulegeb Industry share company amounting to birr 33.6 million(8.84% of the capital of the investee). The investee is currently under liquidation process and our further assessment of the company shows that the bank's share of liquid net assets of the company is birr 39.7 million (Cash at bank of birr 478.7 million less total liability of birr 29.5million at bank's share of investment in the company that is at 8.84%) which shows that the recoverable amount on this investment is higher than the associated cost of investment by birr 6.1million. The Equity investment also contains investment of birr 37.4 million in Ginb Gebeya share company. The investment in this company is under legal proceedings currently where the court decided to abandon the investment agreement and put the bank in a position it was before the agreement is concluded and ordered the other party (Ginb Gebeya) to return back the amount of investment to the bank though the bank appealed to get the balance of investment along with interest at official interest rate to compensate the time value of money lost. Hence, the bank could recover at least its investment at cost in this company.

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Loans and receivables:		
Ethiopian Government Bills	6,654,301	6,744,599
Loss allowance on Ethiopian Government Bills	(326)	(337)
	6,857,066	6,866,942

Maturity analysis	**30 June 2020 Birr'000**	**30 June 2019 Birr'000**
Current	133,563	1,104,956
Non-Current	6,723,503	5,761,986
	6,857,066	6,866,942

The Bank hold equity investments in Nib Insurance of 5% (30 June 2019: 5%), Agar Micro Finance S.C of 8% (30 June 201: 7%,) Jemar Hulegeb Industrial S.C of 9% (30 June 2019: 9%), Eth Switch S.C of 5% (30 June 2019: 6%), Genb Gebeya of 12% (S.C 30 June 2019: 12%) and Ethiopian Reinsurrance S.C 1% (30 June 2019: 1%). These investments are unquoted equity securities measured at fair value through other comprehensive income.

The cost of these unquoted equity securities at the end of the reporting period were Birr 114.18 million.

18 Investment in Associates

			Carrying amount	
Name of entity	**Place of Business/ country of incorporation**	**Percentage holding**	**30 June 2020 Birr'000**	**30 June 2019 Birr'000**
Premier Switch Solution S.C.	Ethiopia	30.11%	50,070	49,377
Dividened Collected			(2,007)	-
			48,062	**49,377**

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.

18.1 Summarised financial information for Premier 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.

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a Summarised statement of financial position

	30 June 2020 Birr'000	30 June 2019 Birr'000
Premier Switch Solution S.C		
Current assets	136,003	142,317
Non-current assets	48,132	36,474
Current liabilities	(9,478)	(9,845)
Non-current liabilities	(8,574)	(4,955)
Net assets	166,083	163,991

b Summarised statement of comprehensive income

	30 June 2020 Birr'000	30 June 2019 Birr'000
Premier Switch Solution S.C		
Revenue	39,862	34,007
Interest income	10,524	10,299
Other Income	125	17
	50,511	44,323
Expenses	(48,161)	(46,415)
Net profit before tax	2,350	(2,092)
Tax	-	1,450
Profit after tax	2,350	(642)
Transfer to legal reserve	-	-
Net profit for the year	2,350	(642)

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

	30 June 2020 Birr'000	30 June 2019 Birr'000
Share of profit(loss) from associate	708	(193)
Share of other comprehensive income from associate	(15)	(15)
	692	**(208)**

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

	30 June 2020 Birr'000	30 June 2019 Birr'000
Opening net assets 1 July	163,990	158,105
Day 1 IFRS adjustment on investment in associate		6,577
Profit for the period	2,350	(642)
Other comprehensive income	(50)	(50)
Closing net assets	166,290	163,990
Bank's share in %	30.11%	30.11%
Bank's share in Birr	50,070	49,377
Carrying amount on the Bank's financial statement	50,070	49,377

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19 Other assets

	30 June 2020 Birr'000	30 June 2019 Birr'000
Financial assets		
Receivable from other banks	294,186	181,496
Staff receivables	319	326
Mastercard receivables	4,023	5,248
Visa card receivables	10,011	2,999
Account interest receivables	41,411	37,478
Money transfer receivable	15,585	10,956
Other receivables	478,138	217,147
Gross amount	843,673	455,650
Less: Specific impairment allowance (note 18a)	(7,300)	(9,872)
	836,373	445,778
Non-financial assets		
Prepaid staff asset	130,683	67,639
Repossed collaterals	119,482	101,083
Prepayments	2,094	274,654
Advance payment for building projects	215,488	345,594
Withholding tax receivable	26	15
Inventory	21,117	19,346
	488,890	808,330
Net amount	1,325,263	1,254,108

Maturity analysis	30 June 2020 Birr'000	30 June 2019 Birr'000
Current	365,535	238,503
Non-Current	959,728	1,015,605
	1,325,263	1,254,108

19a Impairment allowance on other assets

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

	30 June 2020 Birr'000	30 June 2019 Birr'000
Balance at the beginning of the year	9,872	9,872
(Reversal)/charge for the year (note 10)	(2,572)	-
Balance at the end of the year	7,300	9,872

19b Inventory

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

	30 June 2020 Birr'000	30 June 2019 Birr'000
Stationery	5,439	3,123
Uniform	1,919	2,140
Token	149	149
Stamps	472	323
Signs	38	38
Stock of fuel coupons	1,943	1,078
Gold and silver coins	27	27
Cheque book	5,596	3,085
Other stock	5,533	9,382
	21,117	19,346

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20 Investment property

	30 June 2020 Birr'000	30 June 2019 Birr'000
Cost:		
At the beginning of the year	24,378	24,378
Acquisitions	-	-
At the end of the year	24,378	24,378
Accumulated amortisation:		
At the beginning of the year	970	507
Charge for the year	464	463
At the end of the year	1,434	970
Net book value	22,943	23,408

20a Amounts recognised in profit or loss for investment properties

	30 June 2020 Birr'000	30 June 2019 Birr'000
Rental income (Note 9)	4,367	3,610
Direct operating expenses from property that generated rental income		
	4,367	3,610

20b 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:

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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.

20c Fair value hierarchy

Details of the Bank's Investment properties and information about the fair value hierarchy at 30 June 2020 and 30 June 2019 respectively are as follows:

30 June 2020	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	22,943			36,022

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

21 Intangible Assets

	Purchased software Birr'000	Total Birr'000
Cost:		
As at 1 July 2019	100,507	100,507
Acquisitions	7,867	7,867
As at 30 June 2020	108,374	108,374
Accumulated amortisation and impairment losses		
As at 1 July 2019	79,302	79,302
Amortisation for the year	4,702	4,702
Impairment losses		-
As at 30 June 2020	84,005	84,005
Net book value		
As at 30 June 2019	21,205	21,205
As at 30 June 2020	24,370	24,370

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	Right-of-use asset: Office space Birr'000	Right-of-use asset: Land Birr'000	Total Birr'000
22 Right-of-use asset			
Cost:			
As at 1 July 2019	588,633	26,876	615,509
Additions	102,288	-	102,288
Cancelled leases	-	-	-
As at 30 June 2020	**690,921**	**26,876**	**717,797**
Accumulated depreciation			
As at 1 July 2019	-	-	-
Charge for the year	199,869	572	200,441
Cancelled leases	-	-	-
As at 30 June 2020	**199,869**	**572**	**200,441**
Net book value			
As at 30 June 2019	-	-	-
As at 30 June 2020	491,052	26,304	517,356

	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
23 Property, plant and equipment						
Cost:						
As at 1 July 2019	167,409	136,868	285,177	195,574	1,839,991	2,625,019
Additions	17,079	6,287	55,370	30,937	414,886	524,560
Reclassification	(16,863)					
Disposals				(15)		(15)
As at 30 June 2020	**167,626**	**143,155**	**340,547**	**226,496**	**2,254,877**	**3,132,701**
Accumulated depreciation						
As at 1 July 2019	7,010	71,190	138,444	87,485	-	304,128
Charge for the year	3,192	8,787	29,093	26,883	-	67,955
Disposals				(11)		(11)
As at 30 June 2020	**10,202**	**79,977**	**167,537**	**114,357**	**-**	**372,073**
Net book value						
As at 30 June 2019	160,399	65,678	146,733	108,089	1,839,991	2,320,890
As at 30 June 2020	157,424	63,178	173,010	112,139	2,254,877	2,760,628

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24 Deposits from customers

	30 June 2020 Birr'000	30 June 2019 Birr'000
Demand deposits	6,071,424	5,387,167
Saving deposits	15,768,245	13,332,478
Special saving deposit	5,619,382	4,412,805
Fixed term deposits	6,192,063	4,531,260
	33,651,115	27,663,710

25 Borrowings

	30 June 2020 Birr'000	30 June 2019 Birr'000
Development Bank of Ethiopia	53,515	-
	53,515	-

Borrowing from Development bank of Ethiopia relates to term loan of 84 million received for a period of nearly four years at interest rate of 9 percent per year. The objective of the loan is to enable NIB bank to participate in the small and medium enterprise credit facility where the bank is expected to finance working capital requirements of Agro processing, manufacturing, construction and turisum sectors.

25a Reconciliation of bank borrowings

A reconciliation of the changes in borrowings is as follows:

	30 June 2020 Birr'000	30 June 2019 Birr'000
Balance at the beginning of the year		
Proceeds from borrowings	52,382	-
Repayment of borrowings	-	-
Accretion of interest	1,134	-
Balance at the end of the year	53,515	-

26 Other liabilities

Financial liabilities

	30 June 2020 Birr'000	30 June 2019 Birr'000
Margin held on letter of credit	380,053	115,172
Deposit for Guarantees Issued	16,861	8,447
Cash payment order payable	216,395	258,541
Exchange payable to NBE	39,815	10,175
Current accounts blocked	27,848	35,868
Staff accrued leave pay	79,808	56,695
Bonus accrured	92,484	64,015
Customers loan deposit accounts	11,381	2,742
Due to other banks	56,839	43,048
Telegraphic transfer payable	2,706	3,035
Money transfer payable	-3,205	1,243
Loss allowance on loan commitment & financial guarantee	5,341	3,985
	926,325	602,966

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Non-financial liabilities		
Defined Contribution liabilities	4,333	2,559
Stamp Duty Payable	7,659	3,344
Other tax payable	24,114	16,822
Other payables	1,394,171	719,197
Dividend payable	49,657	45,454
Board of director's allowance	1,800	1,800
Allowance for Board of director's election nomination committee	375	-
	1,482,109	789,177
Gross amount	**2,408,434**	**1,392,143**

Maturity analysis	**30 June 2020 Birr'000**	**30 June 2019 Birr'000**
Current	2,295,063	1,295,596
Non-Current	112,997	96,548
	2,408,059	**1,392,144**

	30 June 2020 Birr'000	**30 June 2019 Birr'000**
27 Lease liabilities		
Lease liabilities: Office Space	226,839	-
Lease liabilities: Land	13,494	-
Gross amount	**240,334**	-
Maturity analysis		
Current	97,899	-
Non-Current	142,434	-
	240,334	-

	30 June 2020 Birr'000	**30 June 2019 Birr'000**
28 Retirement benefit obligations		
Defined benefits liabilities:		
– Severance pay (note 28a)	31,271	30,157
Liability in the statement of financial position	**31,271**	**30,157**
Income statement charge included in personnel expenses:		
– Severance pay (note 28a)	6,400	5,117
Total defined benefit expenses	**6,400**	**5,117**
Remeasurements for:		
– Severance pay (note 28a)	(3,389)	6,239
	(3,389)	**6,239**

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

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28a 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:

	30 June 2020 Birr'000	30 June 2019 Birr'000
A Liability recognised in the financial position	31,271	30,157

B Amount recognised in the profit or loss	30 June 2020 Birr'000	30 June 2019 Birr'000
Current service cost	2,474	2,273
Interest cost	3,926	2,844
	6,400	5,117

	30 June 2020 Birr'000	30 June 2019 Birr'000
C Amount recognised in other comprehensive income:		
Remeasurement (gains)/losses arising from changes on economic assumptions	(10,200)	2,276
Remeasurement (gains)/losses arising from changes on	6,811	3,963
Tax credit /(charge)		-
	(3,389)	6,239

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

	30 June 2020 Birr'000	30 June 2019 Birr'000
At the beginning of the year	30,158	20,581
Current service cost	2,474	2,273
Interest cost	3,926	2,844
Remeasurement (gains)/ losses	(3,389)	6,239
Benefits paid	(1,898)	(1,779)
At the end of the year	31,271	30,158

The significant actuarial assumptions were as follows:

i) <u>Financial Assumption Long term Average</u>

	30 June 2020 Birr'000	30 June 2019 Birr'000
Discount Rate (p.a)	15.00%	12.25%
Long term salary increase(p.a)	12.00%	12.00%
Average Rate of Inflation (p.a)	10.00%	10.00%

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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:

Age	Mortality rate Males	Mortality rate 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 2020		30 June 2019	
	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%	(1,563)	1,751	(1,099)	1,395

The expected contribution to post-employment benefit plan for the year ending 30th June 2021 is 37 mill

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 12 years (30 June 2019: 13 years)

	30 June 2020 Birr'000	30 June 2019 Birr'000
29 Share capital and share premium		
Authorised:		
Ordinary shares of Birr 500 each	5,000,000	5,000,000
Issued and fully paid:		
Ordinary shares of Birr 500 each	3,436,209	2,649,974
Share premium	-	
Total share capital and share premium	3,436,209	2,649,974

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29.1 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 2019	5,300	2,649,974	-	2,649,974
Issued during the year	1,572	786,236	-	786,236
As at 30th June 2020	6,872	3,436,209	-	3,436,209

30 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 2020 Birr'000	30 June 2019 Birr'000
Profit attributable to shareholders	1,043,629	720,746
Weighted average number of ordinary shares in issue	6,269	4,684
Basic & diluted earnings per share (Birr)	166	154

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 2019:nill), hence the basic and diluted earning per share have the same value.

31 Retained earnings

	30 June 2020 Birr'000	30 June 2019 Birr'000
At the beginning of the year	490,310	332,077
Profit/Loss for the year	1,043,629	720,746
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	(47,065)	(57,087)
Transfer to legal reserve	(260,907)	(180,187)
Transfer to special reserve	(100)	(100)
Loss allowance on deposits with other banks		
Dividend paid	(490,310)	(332,077)
Board of directors' remuneration	(1,800)	(1,800)
Allowance for Board of director's election nomination committee	(375)	
At the end of the year	**733,383**	**490,310**

32 Legal reserve

	30 June 2020 Birr'000	30 June 2019 Birr'000
At the beginning of the year	1,094,844	895,548
Transfer from profit or loss	260,907	180,187
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	1,355,752	1,094,844

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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.

	30 June 2020 Birr'000	30 June 2019 Birr'000
33 Special reserve		
At the beginning of the year	2,000	1,900
Transfer from profit or loss	100	100
At the end of the year	2,100	2,000

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 2020 Birr'000	30 June 2019 Birr'000
34 Cash generated from operating activities			
Profit before income tax		1,309,631	928,437
Adjustments for non-cash items:			
Depreciation of right-of-use asset	22	200,441	
Depreciation of property, plant and equipment	23	68,419	72,492
Amortisation of intangible assets	21	4,702	7,055
(Gain)/Loss on disposal of property, plant and equipment	23	28	149
Impairment on loans and receivables	16	28,493	65,571
Impairment on other assets	10	(2,572)	-
Net interest income		(2,186,590)	(1,643,114)
Retirement benefit obligations	28	6,400	5,117
Changes in working capital:			
-Decrease/ (Increase) in loans and advances to customers	16	(6,348,084)	(5,736,489)
-Decrease/ (Increase) in restricted deposits	15	(272,140)	(272,001)
-Decrease/ (Increase) in other assets	19	(68,583)	(207,395)
-Increase/ (Decrease) in other liabilities	26	1,014,559	69,365
		(6,245,297)	(6,710,812)

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

	30 June 2020 Birr'000	30 June 2019 Birr'000
Proceeds on disposal	28	149
and equipment disposed (Note 20)	-	-
Gain/(loss) on sale of property, plant and equipment	28	149

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35 Related party transactions

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

a *Transactions with related parties*

	30 June 2020 Birr'000	30 June 2019 Birr'000
Loans and advances to key management	36,823	37,009
.	36,823	37,009

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 2020.

	30 June 2020 Birr'000	30 June Birr'000
Salaries and other short-term employee benefits	18,870	11,849
Post-employment benefits	2,453	1,540
Sitting allowance	888	434
	22,212	13,823

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

36 Directors and employees

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

	30 June 2020 Birr'000	30 June Birr'000
Managerial and Supervisory	355	306
Professional	662	497
Clerical	2,077	1,747
Non-Clerical	2,840	2,422
	5,934	4,972

37 Contingent liabilities

37a *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 2020 is Birr 22 million (30 June 2019: Birr 71 million). As of June 30, 2020, a provision of Birr 657 thousand has been held for these legal cases (June 30 2019:10.7 million).

37b *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.

The table below summarises the fair value amount of contingent liabilities for the account of customers:

	30 June 2020 Birr'000	30 June Birr'000
Guarantees issued	892,464	960,237
Letters of credit	1,282,159	186,703
Memorandum on letters of credit	(405,460)	(409,635)
	1,769,162	737,305

38 Commitments

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

	30 June 2020 Birr'000	30 June Birr'000
Loan commitments	1,585,262	1,864,989
Purchase commitments	89,014	1,151,981
	1,674,276	3,016,970

39 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 2020 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

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Note

ADDRESS OF BRANCHES BY DISTRICT
NORTH EAST ADDIS ABABA DISTRICT

S.N	Name	☎	🖷
	District Office	011 - 661 10 01	011 - 615 86 70
1	Adewa Bridge	0911-69 00 61	------
2	Adi - Haqi	034-240 21 54	034- 240 49 96
3	Adigrat	034-245 08 57	034- 245 08 83
4	Africa Avenue	011- 661 10 05	011- 661 09 97
5	Athlete Derartu Tulu	011- 668 70 56	011 - 668 70 58
6	Aware	011- 557 82 78	011- 557 98 70
7	Axum	034- 275 05 90	034- 275 16 31
8	Ayat Adebabay	011- 639 05 40	011- 639 05 37
9	Ayat 49 Mazoria	0913- 65 81 55	-----
10	Ayat Mall	011- 639 07 85	011- 639 15 46
11	Ayiteyef	033- 312 24 56	033- 312 32 26
12	Beshale	011- 667 73 99	011- 667 73 35
13	Bole 24	011- 6 67 46 99	011- 667 46 40
14	Bole Arabsa	011- 612 55 14	011- 612 56 22
15	Bole Atlas	011- 689 20 49	011- 689 20 58
16	Bole Brass	011-641 50 19	011-664 29 72
17	Bole Eniredada	011- 662 53 47	011- 662 53 49
18	Bole Medhanealem	011- 662 23 22	011-662 23 21
19	Bole Millennium	011- 635 81 47	011- 635 81 03
20	Bole Shalla	011- 635 80 18	011- 635 81 18
21	Bole Stadium	011- 635 81 12	011- 689 20 58
22	Bole	011 -663 38 13	011 -663 33 34
23	CMC	011- 667 08 11	011-667 07 42
24	Deber Birhan	011- 681 27 01	011-681 23 83
25	Dessie	033 -112 51 10	033 -112 51 09
26	Yeka	011- 668 72 93	011- 668 66 15
27	Gerji	011- 639 46 61	011- 639 50 73
28	Gerji Giorgis	011- 639 45 34	011- 639 56 44

S.N	Name	☎	📠
29	Gerji Meberat Hail	011- 667 61 49	011- 667 61 23
30	Gurd Shola	0116- 47 92 72	011- 647 40 67
31	Haya Hulet Mazoria	011- 644 78 58	011- 664 99 18
32	Hayat Mall	011- 639 0 785	011- 639 15 46
33	Hayat 72	0915 - 94 61 60	-----
34	ILRI	011- 647 16 83	011- 667 74 53
35	Imperial	011- 667 48 22	011- 667 46 50
36	Jacros Beshale	011 - 66 14 94	011 - 666 13 71
37	Jacros	011 - 667 76 50	011 - 667 74 66
38	Jacros Yere	011- 667 02 92	011- 667 08 23
39	Jan Meda	011- 126 19 06	011- 126 09 86
40	Kara	011- 665 88 47	011- 666 44 30
41	Kara Mara	011- 635 44 46	011- 635 44 49
42	Kombolcha	033- 351 75 26	033- 351 11 42
43	Kotebe	011 - 645 12 94	011- 645 13 07
44	Kotebe 02	0913 – 18 64 96	------
45	Kotebe Gebeya	011- 668 02 91	011- 668 04 06
46	Lakomelza	033 - 312 82 69	033 - 312 25 09
47	Lamberet	011- 667 53 57	011- 667 53 11
48	Lem Megenagna	011- 659 04 46	011- 659 19 86
49	Megenagna	011- 667 38 23	011- 667 38 26
50	Mehal Summit	011- 667 96 76	011- 667 95 98
51	Mekelle	034 - 440 93 00	034 - 441 10 95
52	Meri Loque	011- 668 01 64	011- 668 01 03
53	Mesebo	034 - 240 51 31	034 - 240 51 85
54	Moenco	011- 668 72 27	011- 668 64 96
55	Sealite Mehiret	011- 667 64 35	011- 667 62 74
56	Shalla Area	011- 635 80 94	011- 635 81 33
57	Shire	034- 444 15 20	034- 444 34 25
58	Shewa Robit	033 – 664 10 53	033 – 664 01 79
59	Sholla	011- 662 26 94	011- 662 16 71
60	Sholla Gebeya	011 - 639 07 06	011 - 659 17 82
61	Summit	0118-35 28 94	011- 668 34 68

62	Summit Goro	011- 668 17 82	011- 668 02 26
63	Woldiya	033- 431 20 73	033- 431-06 81
64	Wossen	011- 668 13 10	011- 668 02 68
65	Wuha limat	011- 636 22 67	011- 363 22 68
66	Wukiro	034- 443 12 34	034- 443 12 41
67	Yeka Abado	011- 550 32 88	------
68	Yerer Ber	011- 647 95 01	011- 647 95 11
69	Yerer Goro	011- 667 78 36	011- 667 77 90

CENTRAL ADDIS ABABA DISTRICT

S.N	Name	☎	🖷
	Central Addis Ababa District Office	011 -231 80 75/19	011 - 273 36 55
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	Addisu Michael	011- 273 69 73	011- 273 69 91
8	Amist Killo	011- 154 16 28	011- 154 10 77
9	Arada	011- 157 41 86	011- 157 41 87
10	Arat Killo Premium	011- 126 48 33	011-126 49 42
11	Asfaw Wossen	011- 273 54 69	011- 273 55 49
12	Atiklet Tera	011- 226 79 62	011- 226 79 64
13	Balcha Abanefiso	011- 554 80 05	011 -554 80 04
14	Bekilo Bet	011- 470 39 83	011- 470 68 21
15	Berbere Tera	011- 273 30 72	011- 273 29 67
16	Cathedral	011 -156 96 73	011 -156 96 74
17	Churchil	09 12 09 20 48	-----
18	Cinema Ras	011- 273 30 57	011- 273 35 42
19	D'Afrique	011- 515 03 15	011- 515 04 56

S.N	Name	☎	📠
20	Ferensay Legasion	011- 154 85 44	011-154 85 89
21	Habtegiorgis	011 -156 49 76	011- 156 49 88
22	Kazanchis	011- 558 63 99	011- 558 52 65
23	Kirkos	011- 470 31 91	011- 470 32 39
24	Main	011 -551 76 02	011- 551 75 69
25	Mamokacha	011- 552 01 60	011 -552 01 62
26	Mehal Merkato	011 -278 53 35	011- 278 53 38
27	Merkato Dubai Tera	0940- 42 13 09	------
28	Merkato Mirab	011- 273 23 53	011- 273 22 95
29	Merkato Shera Tera	011 2 73 55 14	011 273 53 46
30	Meskel Flower	011- 470 07 35	011- 470 07 54
31	Militery Tera	011- 273 36 18	011- 273 36 74
32	Nib Halal Atobus Tera	0911- 46 50 81	------
33	Nib Halal Mehal Merkato	0922 - 40 93 03	------
34	Nib Halal Nur Mesgid	011- 126 57 60	011- 126 51 04
35	Peacock	011- 557 22 01	011- 557 22 36
36	Raguel	011- 213 94 00	011- 278 91 00
37	Ras	011- 554 03 48	011- 553 68 20
38	Sebara Babur	011- 126 79 51	011- 126 72 31
39	Senga Tera	011- 557 54 27	011- 557 54 28
40	Shera Tera	011- 273 55 14	011- 273 53 46
41	Sidamo Tera	011- 273 36 83	011- 273 28 43
42	Tana	011- 276 53 51	011 - 276 53 50
43	Tatari	011 - 278 12 86	011 - 213 00 82
44	Tele Medhanealem	011 - 667 17 72	011 - 667 17 75
45	Tekle Haimanot	011- 277 92 99	011 - 277 26 06
46	Temnja Yazje	011- 470 41 24	011- 470 42 23
47	Tewodros Adebaby	011- 111 86 43	011- 111 08 20
48	Tigat	011 -585 52 56	011 - 558 52 33
49	Tikur Anbessa	011- 171 91 51	011- 171 90 30
50	Tiret	011- 273 39 24	011- 213 29 88
51	Urael	011- 557 72 39	011- 557 71 79
52	Wollo Sefer	011- 552 92 53	011- 552 98 56
53	Yekake Wurdot	011- 273 30 92	011- 273 28 67

NORTH WEST ADDIS ABABA DISTRICT

S.N	Name	☎	🖷
	District Office	011– 383 60 89/63 48	011 - 383 60 83
1	Abdi Nono	011 - 232 00 26	011 - 232 0121
2	Addisu Gebeya	011 -127 02 40	011- 127 01 25
3	Alem Bank	011-369 45 17	011-369 45 13
4	Alem Gena	011- 387 05 53	011- 387 04 08
5	Alert	0913 – 48 64 36	------
6	Ambo	011- 236 02 10	011- 236 14 46
7	Anfo	011- 369 68 84	011- 369 75 69
8	Arada Giorgis	011- 126 78 02	011- 126 72 85
9	Tulu Jemo	011- 260 12 53	011-260 17 75
10	Asko	011 -273 04 03	011 - 273 04 15
11	Ayer Tena	011- 369 34 10	011- 369 34 18
12	Bahir Dar	058 -226 62 42	058 -226 62 44
13	Bahir Dar Gebeya	058 - 320 00 93	058 320 00 98
14	Bethel	011-369 64 45	011- 369 64 04
15	Bethel Rome Sefer	0911- 30 98 08	----
16	Bilal	011- 369 38 62	011- 369 36 02
17	Bonga	047- 331 25 26	047- 331 18 50
18	Burayu	09 12 11 96 52	----
19	Dangila	058- 221 20 42	058 - 221 21 53
20	Dar Mar	011- 557 79 53	011- 557 91 28
21	Debere Markos	058- 178 37 35	058-178 24 25
22	Ehil Berenda	011 -275 87 22	011- 275 87 20
23	Enqulal Fabrica	011- 273 62 48	011- 273 66 48
24	Finote Selam	058- 775 22 22	058- 775 21 07
25	Furi	011-367 91 21	011-367 91 31
26	Gambela	047-551 03 09	047- 551 07 9
27	Geja Sefer	011- 557 97 51	011- 557 78 45

S.N	Name	☎	📠
28	Gimbi	057- 771 26 03	057- 771 28 10
29	Gonder	058- 112 18 91	058- 112 17 97
30	Gonder Maraki	058- 211 50 61	058- 211 50 44
31	Gulele	011- 273 77 20	011- 273 70 11
32	Holeta	011- 261 09 81	011- 261 03 35
33	Humera	034 - 448 09 39	034 - 448 04 25
34	Jimma	047- 112 12 34	047- 112 12 32
35	Jimma Abajifar	047- 211 85 15	047- 211 71 65
36	Jimma Meneharia	047- 211 09 43	047- 211 36 09
37	Kara Alo	0911- 10 90 97	-----
38	Kara Kore	011- 369 38 92	011- 369 36 23
39	Kella	046- 464 02 60	046 - 464 05 41
40	Kolfe	011- 273 80 55	011- 273 80 59
41	Kolfe Efoyita	011- 279 93 86	011-279 52 72
42	Kolfe Fetino Derash	011- 273 92 27	011- 273 98 86
43	Kolfe Taiwan	011- 273 96 01	011- 273 94 85
44	Lalibela	033 – 336 14 28	033- 336 14 42
45	Lideta	011- 557 81 37	011- 557 91 13
46	Lomi Meda	011- 273 99 10	011- 273 99 46
47	Metema Yohannes	058 - 231 08 11	058- 231 08 07
48	Mizan Aman	047- 135 43 89	047- 135 66 35
49	Nib Halal Teqwa	011- 369 76 34	011- 369 71 45
50	Nekemet	057- 661 32 11	057-661 31 66
51	Rufael	011-259 19 32	011-259 20 75
52	Sebeta	011- 338 02 22	011- 338 02 08
53	Sefere Selam	011-213 91 89	011-278 15 89
54	Sheger Menafesha	011- 126 49 51	011- 126 52 67
55	Sidist Killo	011- 126 18 57	011- 126 17 40
56	Stadium	011- 531 92 02	011- 531 92 54
57	Sululta	011- 161 74 87	011- 161 77 68
58	Tepi	047- 556 28 32	047- 556-28-36
59	Tiya Bitwoded Bahiru	046- 264 02 38	046- 264 01 82
60	Torhailoch	011- 337 71 57	011-320 43 55

61	Wechecha	011- 367 92 46	011- 367 92 28
62	Woliso	011- 341 34 42	011-341 32 80
63	Woreta	058- 446 15 31	058- 446 18 40
64	Zeneb Work Adebabay	011- 369 98 49	011- 369 88 87

SOUTH EAST ADDIS ABABA DISTRICT

S.N	Name	☎	🖷
	District Office	011 - 462 20 32	011 - 466 46 86
1	Ada Bishoftu	011- 430 19 61	011- 430 75 38
2	Adama	022- 112 48 44	022- 112 51 88
3	Adama Boset	0922- 50 55 55	-----
4	Adama Menharia	022- 211 27 29	022- 211 22 56
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	Arereti	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 - 471 40 43	011 - 471 48 64
18	Bole Bulbula Mariam Mazoria	0911 – 72 16 09	------
19	Bole Bulbula 93 Mazoria	0940 – 13 63 12	------
20	Bole Michael	011- 639 21 51	011- 639 21 17
21	Bunna Board	011- 470 09 11	011 – 470 96 34
22	Dire Dawa	025 -111 93 43	025 - 112 34 92
23	Dukem	011- 432 06 52	011- 432 06 53

S.N	Name		
24	Gelan Condominium	011 - 455 01 79	011 - 455 01 75
25	Ginb Gebeya	022 – 212 35 02	022- 212 40 31
26	Gofa Camp	011- 470 48 37	011- 470 60 97
27	Gofa Gabriel	011- 470 13 41	011- 470 22 36
28	Gofa Mazoria	011- 416 06 61	011- 416 04 05
29	Gotera	011- 466 46 34	011- 466 46 89
30	Gotera Ibex	011- 470 26 59	011- 470 09 49
31	Gotera Pepsi	011- 470 48 19	011- 470 64 09
32	Hana Mariam	011 - 471 11 64	011- 471 11 63
33	Harar	025 - 667 06 74	025 - 667 10 76
34	Huruta	022- 334 11 51	022- 334 10 84
35	Jemmo	011- 471 35 47	011- 471 37 88
36	Jijiga	025 - 278 00 76	025 - 278 00 33
37	Jijiga Shebele	025- 278 43 60	025- 278 83 56
38	Kality	011 - 439 10 89	011 - 439 53 26
39	Kality Meneharia	011- 471 64 05	011- 471 63 78
40	Kera Sarbet	011- 369 22 34	011- 369 09 52
41	Kezira Main	025- 211 55 19	025 - 21142 49
42	Lafeto	011- 471 09 48	011- 471 09 38
43	Lebu	011- 471 29 56	011- 896 36 34
44	Lebu Ertu	011- 462 57 76	011- 462 54 12
45	Lebu Muzika Sefer	011- 471 39 75	011- 471 39 74
46	Logiya	033- 550 11 96	033- 550 11 97
47	Mehal Arada Adama	022 -111 85 55	022- 111 85 52
48	Mehal Lafito	011- 471 19 12	011- 471 16 51
49	Mekanissa	011 - 369 96 18	011 - 369 89 66
50	Mekanissa Michael	011- 369 89 72	011- 369 85 63
51	Modjo	022- 236 00 13	022- 236 00 30
52	Nefas Silk	011 - 442 56 95	011- 442 56 96
53	Nib Halal Kezira	0915- 16 00 50	-----
54	Sagure	022- 338 11 01	022- 338 11 01
55	Sar Bet	0911 – 09 89 24	------

56	Saris	011- 470 77 72	011- 470 77 73
57	Saris Abo	011- 470 86 94	011- 470 83 44
58	Saris Addisu Sefer	011- 470 84 20	011- 470 84 21
59	Saris Dama	011- 470 81 63	011- 470 81 79
60	Togochale	025- 882 01 28	025- 882 01 29
61	Tulu Dimtu	011- 835 28 83	-----
62	Vatican	011- 369 05 90	011- 369 28 87
63	Ziquala Bishoftu	011- 430 23 94	011- 430 67 75

HAWASSA DISTRICT

S.N	Name	☎	🖷
	District Office	046 - 212 14 21	046- 212 11 60
1	Aleta Wendo	046- 227 10 33	046- 224 10 06
2	Adola Woyo	046 335 16 41	046 335 17 43
3	Arsi Negele	046-116 26 70	046- 116 25 59
4	Awasho	046- 211 96 52	046- 211 69 62
5	Bale Robe	022- 665 04 84	022- 665 00 89
6	Batu	046 - 841 02 20	046- 441 09 33
7	Buie	046 - 883 05 18	046 - 883 05 56
8	Bule Hora	046 - 443 02 92	046 - 443 11 04
9	Dilla	046 - 331 43 31	046 - 331 39 25
10	Dilla Edget	046 - 331 01 13	046 - 331 01 02
11	Gedeb	0920 - 16 43 76	-----
12	Hasasa	022- 363 12 26	022- 363 12 29
13	Hawassa	046 - 220 71 78	046 - 220 71 81
14	Hawassa Alamura	046 - 212 87 42	046 - 212 79 54
15	Hawassa Arab Sefer	046 - 212 38 26	046 - 212 46 17
16	Hawassa Atote	046- 212 15 16	046- 212 12 91
17	Hawassa Warka	046 - 212 00 12	046 - 212 00 05
18	Meki	022- 118 00 13	022 - 118 01 14
19	Oda Shashemene	046 - 211 00 35	046 - 211- 00 44
20	Shashemene	046 - 110 26 23	046 - 110 42 89

21	Shashemene Harufa	046 - 211 25 09	046 - 211 16 75
22	Yabelo	0910- 18 67 04	----
23	Yirga Alem	046 - 225 19 96	046 - 225 10 84
24	Yirga Chefe	046 - 332 05 43	046 - 332 00 90

HOSSA’ENA DISTRICT

S.N	Name	☎	📠
	District Office	046 - 178 24 63	046 -178 25 28
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	Bonosha	046 – 453 08 07	046 – 453 05 19
8	Butajira	046 -115 07 52	046- 115 14 61
9	Dalocha	0916- 39 51 42	----
10	Darge	011- 884 02 68	011- 358 00 79
11	Damboya	046 - 245 03 14	046 - 245 02 43
12	Doyogena	046- 244 04 13	046- 244 04 89
13	Durame	046- 554 14 58	046- 554 17 77
14	Emdibir	011- 331 03 80	011- 331 03 17
15	Endegegn	011 - 350 06 58	011 - 350 07 02
16	Fonqo	046- 263 03 74	046- 263 04 03
17	Gimbichu	046- 772 07 99	046- 772 08 61
18	Gubre	011 - 322 03 30	011- 322 03 23
19	Gunchire	011- 332 05 75	011-332 07 35
20	Hadero	046 - 432 01 00	046 - 432 02 41
21	Halaba Kulito	046 - 556 15 55	046 - 556 17 71
22	Hawariyat	011- 343 07 39	011- 343 04 57
23	Homicho	046 - 251 06 47	046 - 251 06 46
24	Hossa’ena	046 - 555 03 71	046 - 554 44 44
25	Hossa’ena Arada	046 - 178 64 83	046- 178 95 16

S.N	Name	☎	📠
26	Hossa'ena Batena	046 - 178 05 41	046 - 178 05 43
27	Hossa'ena Gebeya	046 - 178 98 02	046 - 178 28 55
28	Hossa'ena Gombora	046 - 178 58 96	046 - 178 71 30
29	Hossa'ena Menaharia	046 - 555 24 21	046 - 555 29 73
30	Inseno	046- 558 04 11	046- 558 04 11
31	Kare	0461- 45 66 46	0461- 45 66 48
32	Kose	046 - 855 90 79	----
33	Lera	046- 234 03 65	046- 234 03 94
34	Mareko Kosie	046 - 465 06 71	046 - 465 04 81
35	Mudulla	046- 235 07 01	046- 235 04 63
36	Nib Halal Aman	046 – 556 18 00	046 – 556 18 01
37	Nib Halal Bidara Gebeya	046- 145 31 99	046- 145 19 20
38	Nib Halal Rebi	011 - 365 85 89	011 - 365 93 09
39	Qwante	046- 328 26 03	046- 328 26 01
40	Sankura	046- 237 04 03	046 - 237 04 66
41	Shinshicho	046 - 339 06 70	046- 339 08 11
42	Shone	046 - 553 06 12	046- 553 06 14
43	Silte Mitto	0913 – 31 96 21	----
44	Werabe	046 - 771 05 44	046 - 771 03 27
45	Nib Halal Hakika	046 - 771 07 74	046 – 771 08 70
46	Wolayta Sodo	046 - 180 00 20	046 - 180 06 00
47	Wolkite	011 - 330 25 41	011 - 330 25 44
48	Yejoka	011 - 365 80 31	011- 365 65 80
49	Zebidar	046 - 115 05 43	046 - 115 01 30

ATM LOCATIONS
Addis Ababa

Branches Name	Locations
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
Amin	Amin Hospital, Around Coca cola Factory
Arada	Piassa area, in front of Empire Cinema
Arat Killo Premium	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
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
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 Abo	Addis Ababa City, Saris Abo Church Area
Saris Addisu Sefer	Addis Ababa City, Saris Addisu Sefer Area
Sefere Selam	Sefere Selam Area, Dejazmach Bldg.
Sengatera	Senga Tera 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.
Temenja Yazhi	Around Temenja Yazhi Area
Tana	Merkato Area, Tana Business Center Bldg.
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	Locations
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	Locations
Abadir Supermarket	Gurd Sholla Area, at Abadir Supermarket

Abyssinian Plaza	Adjacent to Bole Medhanealem Church
Ahmed Commercial Center	Behind Dej. Balcha Hospital
Dj Vision Real Estate	Meskel Flower Road Next to Dream Liner Hotel
Golf Club	Inside Golf Club
Great City Mall	At Great City Mall
Morning Star Mall	At the Back of Edna Mall
Salvaz Bldg	Around Atlas Hotel
San Bldg	Bisrat Gabreal Church Area

OUTSIDE ADDIS ABABA

Hotels	Locations
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	Locations
Alliance Market Center	Hawassa Town, Gabriel Area
Central Mall Hawassa	Hawassa Town, at Central Mall

University	Locations
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
Debre Markos	Debre Markos Town
Dukem	Dukem Town
Emdibir	Emdibir Town
Finote Selam	Finote Selam 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
Hossana Gombora	Hossana Town
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
Ziquala Bishoftu	Bishoftu Town, Around Ziquala Area

ንብ ኢንተርናሽናል ባንክ
Nib International Bank

ኑሮ ስለምንተማመንብሽ !

- ከመደበኛው የወለድ መጠን 0.5 ተጨማሪ ወለድ ያስገኛል።
- በ 10 ብር ሂሳቡን መክፈት ይችላሉ።
- ሂሳቡ በግል ወይም ሁለት እና ከሁለት በላይ በመሆን በጣምራ ሊከፈት ይችላል።
- በጣምራ ለሚንቀሳቀስ የሂሳብ ቁጥሩ የሂሳቡ አንቀሳቃሾች (ፈራሚዎች) ከሶስት መብለጥ የለባቸውም።

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እንደ ንብ !
Committed to Service Excellence !

ይሠራል ከልብ፣
እንደ ንብ !
Committed to Service Excellence !

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CTM PRINTING PLC 0911 735526/0911 101111