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Nib International Bank

2021/22

ANNUAL REPORT

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እንደ ንብ !
Committed to Service Excellence !


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Nib InternationalBank
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Nib International Bank

ANNUAL REPORT

JULY 01, 2021 – JUNE 30, 2022

CORPORATE STATEMENTS

Vision

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

Mission

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

Values

Transparent

Accessible

Teamwork

Accountable

Results oriented

Innovative

Content

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BOARD OF DIRECTORS

ATO WOLDETENSAI WOLDEGIORGIS
Chairman

ATO ALEMU DENEKEW
Deputy Chairman

ATO MULUGETA W/MICHAEL
Director

ARCT. MULUGETA ASFAW
Director

ATO MELAKU WOLDEMARIAM
Director

DR. ALEMAYEHU GURMU
Director

ATO AMARE LEMMA
Director

W/RO HAYAT MUSTEFA
Director (Representing Mulege PLC)

ATO ENGLIZ BIYAN
Director

ATO LEMMA HAILEMICHAEL
Director

ATO SEYOUM ASFAW
Director

ATO KIFLE SEBGAZE
Director

ATO YARED AYELE
Company Secretary

MESSAGE FROM THE BOARD CHAIRMAN

Ato Woldetensai Woldegiorgis
Chairman Board of Directors

Dear Respected Shareholders,

On behalf of the Board of Directors of Nib International Bank SC (NIB), and on my own behalf, I want to welcome you to the 23rd Annual Ordinary Assembly and 19th Extra Ordinary Assembly of our Bank. I am delighted to present the Bank's Performance Report for the financial year ending June 30, 2022.

The 2021/22 financial year was challenging for NIB from internal and external environments which had effects on the Bank's overall performance in many aspects. Some of these challenges include the reimplementation of the T-24 Release 20 from its being T-24 Release 10 core banking solution where service delivery was affected during the implementation period; shortage of foreign currency to satisfy demand; rising inflation; strong competition from existing as well as new entrant banks for key resources particularly human resource and deposits; political and social instability, especially in the northern part of the country and increasing regulatory requirements.

Amid these challenging and uncertain macroeconomic conditions, the Bank achieved a Gross Profit of Birr 1.76 Billion in the 2021/22 financial year compared to a

Gross Profit of Birr 1.62 Billion in the preceding financial year.

On the other hand, the construction of Bank's high-rise twin buildings in Hawassa town has been well underway and is on the verge of completion and its inauguration is expected to take place in the coming financial year.

Dear Respected Shareholders,

The future challenge is expected to be much tougher than before with dynamic macroeconomic situations and the entrants of foreign banks in the banking industry. The board, the entire management and Bank staff are committed to overcoming these challenges and attaining our planned objectives for the 2022/23 financial year. However, our commitment alone is not enough. We need strong support, guidance and advice from you, the owners. We want you to help us gain back our customers who left because of temporary technical problems (which are now totally resolved), help us in deposit mobilization; tip us in branch location identification etc. With these types of helps extended, we assure you that our goals and objectives for the coming year could and should be achieved.

In conclusion, on behalf of the Board of Directors of the Bank, I would like to extend my appreciation and thanks to the management and employees of the Bank for their professionalism and commitment to the continued growth and progress of the Bank; to the members of the Board; the Shareholders and our esteemed customers for their continued support, cooperation and commitment.

I would like to extend my heartfelt appreciation to the National Bank of Ethiopia and all other stakeholders for their guidance and assistance to help the Bank achieve the recorded result.

Woldetensai Woldegiorgis
Chairman-Board of Directors

SHARI'AH ADVISORY BOARD

SHEIKH ABRAR SHIFA
Chairman - SAB

USTAZ ABDULGEFAR SHERIF
Member - SAB

USTAZ MOHAMMED SALAH
Member - SAB

EXECUTIVE MANAGEMENT

ATO GENENE RUGA
President

ATO SOLOMON GOSHIME
Chief Advisor to the President

ATO LEULSEGED NEGUSSIE
V/P, Strategy & Transformation

ATO SEIFU AGENDA
V/P, Banking Operations

ATO MELKAMU SOLOMON
V/P, Resources & Facilities

ATO ASSEFA YESHANEW
V/P, Information System

ATO EPHREM TESHOME
A/V/P, Customer & Channels

DEPARTMENT DIRECTORS

ATO ASSEFA JEZZA
Director, Supply Chain & Property Management Department

ATO BEYENE ALEMU
Director, Legal service Department

W/RO EDEN HADDIS
Director, Treasury Department

ATO SHIFERAW ARGAW
Director, Credit Portfolio Management and Workout Department

ATO ABDULKADIR WOLELA
Director, Interest Free Banking Department

ATO ABREHAM TESFAYE
Director,Human Resource Management Department

ATO ALEMU SEMAYE
Director, Credit Appraisal Department

ATO AMINE TADESSE
Director, Internal Audit Department

W/RO BIRHANE BEKELE
Director, Facility & Maintenance Managment Department

ATO DANIEL BIRHANU
Director, Projects & Transformation Department

ATO GEBEYEHU RABA
Director, Planning & Monitoring Department

ATO GETACHEW TADESSE
Director, Retail & SME Banking Department

ATO MESFIN SISAY
Director, IT Infrastructure & System Support Department

ATO OSMAN ALI
Director, Learning & Development Department

ATO SELAM DIRSHAYE
Director, Finance & Accounts Department

ATO SIRAK YIFRU
Director, Trade Finance Department

ATO TAMENE DEMESSIE
Director, Risk & Compliance Management Department

ATO THEODROS HAILE
Director, Marketing & Business Development Department

ATO YALEME TEMESGEN
Director, IT Application Management Department

ATO NATNAEAL TSEGAYE
A/Director, Corporate Banking Department

ATO YOHANNES BELIHU
A/Director, Electronic Channels Department

ATO WELELLA MOHAMMED
Executive Assistant to the President

MESSAGE FROM THE PRESIDENT

Genene Ruga
President

On behalf of the Management and myself, I am pleased to present the annual performance of our Bank for the financial year ended June 30, 2022.

The 2021/22 financial year has gone through very challenging internal and external situations both in global and local economic perspectives. The global macroeconomic challenges which were mainly run by the spillover and continued impact of COVID-19 resulting in slowdown of business activities, persistent supply chain problems, war and conflict between Russia and

Ukraine had direct impact in escalating prices through imported inflation on some basic commodities and indirect impact on banking businesses. The internal conflict, locust invasion and drought in some part of our country, acute shortage of foreign currency, high inflation and stiff competition among existing and new entrant banks were also some of the challenges faced by banks in performing their basic functions.

Despite the challenges mentioned above, NIB demonstrated its resilience once again and managed to realize sustainable results in most performance measurement parameters and continued with its success story. The Bank has managed to register a gross profit before tax of Birr 1.76 Billion, which was higher by 8.6% as compared to last year's same period.

As at June 30, 2022, the total Assets of the Bank reached at Birr 61.5 billion which grew by 13.5% over last year's position. Net Loans and advances, which constitute the lion's share of the Assets, also witnessed a growth of 13.8% over the last year same period and stood at Birr 38.9 billion. On the liability side, the overall customer deposits increased by 14.3% and reached at Birr 49.8 Billion by the end of the period under consideration. The Bank's total capital, reserves and provisional profit after tax added together stood at Birr 8.1 Billion. The share of paid-up capital accounts for Birr 4.82 Billion or 59.4% of the total capital.

Beyond the above commendable financial performances, the Bank has achieved considerable strategic and qualitative results in its core and support functions. It is worth mentioning that the Bank, in order to realign with the changing market climate in a way to satisfy customer needs and improve its competitiveness in the sector and thereby achieving its vision of becoming an "Icon of Service Excellence and a Leading Commercial Bank in Ethiopia", has revised the existing third five-year Strategic Plan with careful consideration of the external and internal factors. The implementation of the revised strategic plan has already been started and Management has firm confidence this will further enhance the performance and competitive position of the Bank in the industry.

In addition to upgrading its Core-Banking System to the latest version Release-20, the Bank has operationalized a call center (#9698), established an agreement with Fin-tech Company, and implemented Mobile Money Service through "NIB E-Birr" digital wallet and agency banking platform. The Bank has also integrated its mobile and internet banking systems with telebirr digital wallet and P2P (Person to Person) systems to facilitate incoming and outgoing money transfer services among our Bank customers as well as other banks telebirr customers. Likewise, as part of establishing strategic business partnership, the process of third-party systems integration with various potential companies and institutions is also well under way and will come into effect in the next financial year which will widen the customer base and resource mobilization efforts of the Bank.

In order to further broaden its span of coverage and customer base, 29 new branches were opened in different parts of the country raising the total number of branches to 410, of which 19 of them are IFB Full-fledged branches providing interest free banking service complying with the sharia principles. Moreover, the Bank has launched different new deposit products to address the needs of its target sectors and segments thereby enhancing resource mobilization results.

In a stride to maximize wealth creation and increase the value of earning assets of the Bank, apart from completion and operationalizing its own iconic headquarters at Addis Ababa and other buildings in different parts of the country, it's another high-rise twin-building constructed in the center of Hawassa city is well under progress and is expected to be completed in the next financial year. In order to further increase its asset base and generate more income, the Bank has acquired an additional 4,725.4 Seq. meter plot of land from the Addis Ababa City Administration in Kirkos Sub City Wereda 10 to construct multipurpose building.

In executing its corporate social responsibility, our Bank has played a significant role in contributing to the national development endeavors in many aspects based on the requests of the concerned government organs and on its own initiative to support vulnerable sectors and charity organizations in different aspects.

The Bank's achievement over the past financial year would not have been possible without the coordinated efforts exerted by its respected Board of Directors, committed Management members and hardworking and productive employees of the Bank.

I would like to express my heartfelt gratitude to our esteemed customers for their continued confidence and loyalty toward the Bank; our shareholders for reposing their confidence and trust in the Bank; our business partners' and other stakeholders for their continued support and co-operation. My appreciation also goes to the National Bank of Ethiopia for its continuous guidance and support.

Eventually, I have full confidence that, the results achieved during the 2021/22 will encourage the Management as well as the staff of the Bank to do even much better and achieve a remarkable result that move the Bank to a further height in the new budget year, by the consistent implementation of the revised Strategic Plan of the Bank.

I thank you all

Genene Ruga
President

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Nib InternationalBank

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DIRECTORS' REPORT

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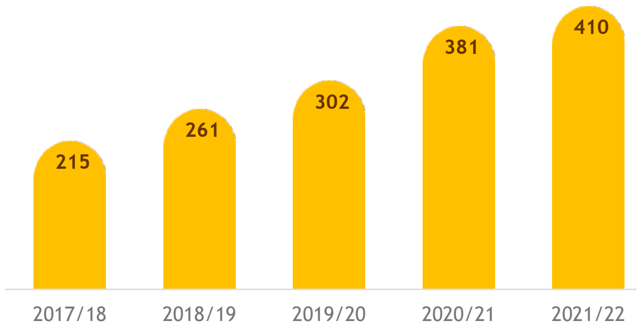
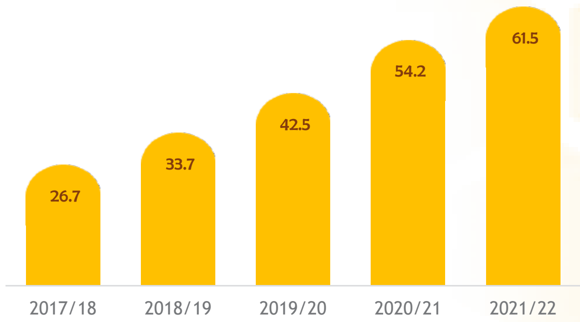
HIGHLIGHT OF THE LAST FIVE YEARS
MAJOR OPERATIONAL PERFORMANCE

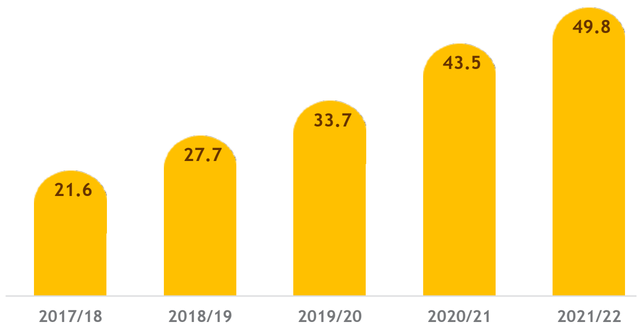
BRANCH NETWORK



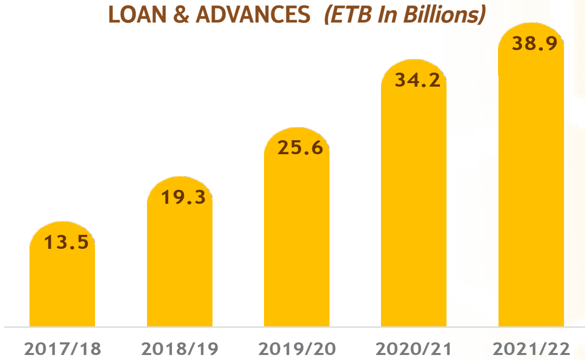
TOTAL ASSET *(ETB In Billions)*

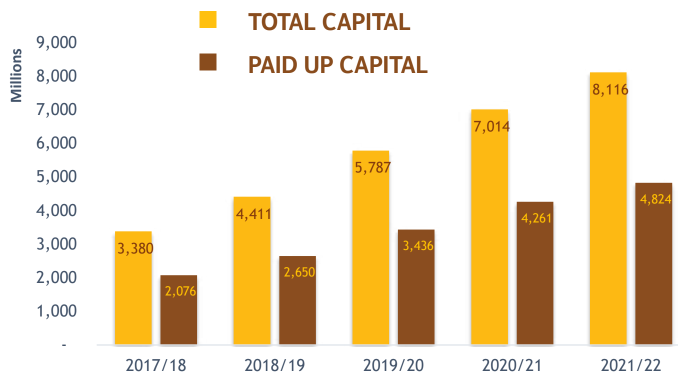


TOTAL DEPOSIT *(ETB In Billions)*

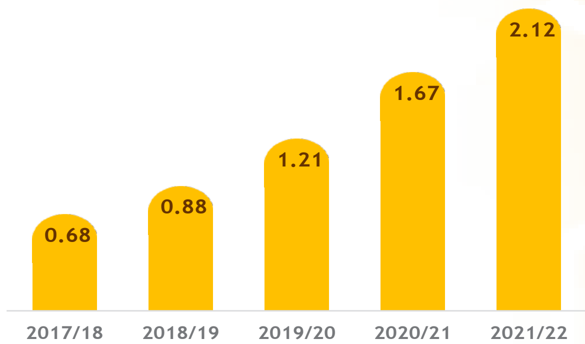


LOAN & ADVANCES *(ETB In Billions)*

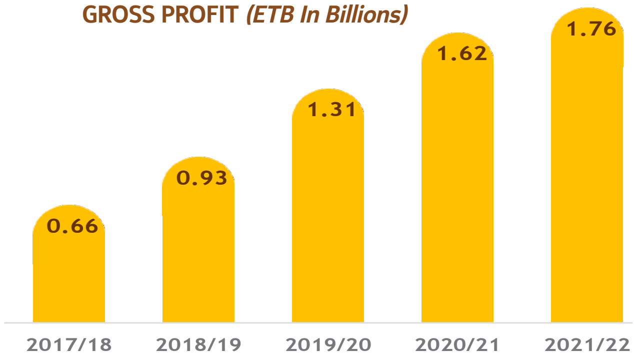




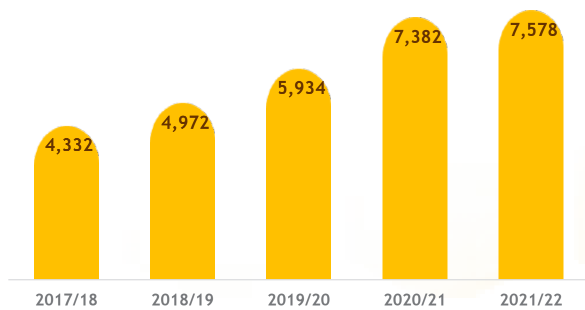
NO. OF DEPOSIT ACCOUNTS *(In Millons)*



GROSS PROFIT *(ETB In Billions)*



STAFF STRENGTH



Nib International Bank (NIB),
Shari'ah Advisory Board's (SAB) Report for the FY. 2021/2022

Assalamu Alaikum Warahmatullahi Wabarakatuh! (Peace be up on you!)

Praise be to the Almighty God who made it possible for us to finish the FY 2021/22 safely and successfully. In addition, we would like to express our gratitude to the Bank's Board of Directors, Management and Staff for the journey we made together so far in the execution of the IFB line of business.

According to the charter and terms of reference of the Shari'ah Advisory Board (SAB), we've been tasked with ensuring that NIB's full-fledged Branch and Windows service, operations, and commercial activities adhere to Shari'ah principles. Hence, we are glad to provide the report for the fiscal year ending June 30, 2022.

As part and parcel of our advisory service, we have ensured that the Bank's windows and full-fledged Branch IFB operations adhere to Shari'ah business principles. We have also thoroughly examined that the Bank's new and revised policies, procedures, contracts, forms, and formats adhered to the relevant sharia business principles. Furthermore, before the launch of various products of IFB Financing, Deposit, and other services, we closely counseled the product development team to guarantee that Shari'ah standards were properly followed.

The Shari'ah Advisory Board has made rulings on all Shari'ah-related issues brought up by the Bank's management, staff, and customers during regular meetings and has recorded these decisions for future use. We have been taking part in the Bank's awareness-raising sessions held in various cities and towns around the nation in addition to ensuring that normal IFB operations comply with Shari'ah laws and principles.

The Bank has operationalized its IFB windows service at all of its branches as part of its IFB expansion, and as of June 30, 2022, it has opened 19 full-fledged IFB branches. The Bank is now able to provide a variety of deposits, financing, and banking products, and we would like to announce that as of this date, its IFB deposit has reached Birr 3.84 billion and its financing has reached Birr 954 million, representing 25% of the total IFB deposit mobilized.

The Management of the Bank is responsible for ensuring that the Bank undertakes its IFB business in a manner consistent with Shari'ah principles as per the relevant directives of NBE and best industry practices worldwide. It is our responsibility to form an independent opinion, based on our review of the Bank's operation and service, and report to you as to whether the Bank has complied with the Shari'ah rules, principles to the best of our knowledge:

1. The mechanism in place to verify Shari'ah compliance of overall IFB operations and transactions is functional and meets the general norm of IFB operational procedures;
2. The Bank's contracts, transactions, and dealings during the fiscal year ending June 30, 2022 complied with Shari'ah criteria in the vast majority of cases.
3. The profit allocation and loss billing for investment accounts are in accordance with SAB's examination of the grounds in compliance with Islamic Shari'ah laws and rules;
4. The Bank is making efforts to meet all regulatory requirements and to implement best industry governance standards.

We hope and expect that IFB services will continue to contribute more by upholding similar Shari'ah compliance dedication, implementations, and applications without jeopardizing the customers' never-ending quests, and by addressing banking needs of the unbanked community, serving the missing middle, and accommodating all those who are far from banks due to their value system.

Finally, the Shari'ah Advisory Board thanks the Bank's Board of Directors, the Management and staff for their cooperation and dedication to understand and uphold the great Shari'ah standards.

Sheikh Abrar Shifa
(Chairman-SAB)

Ustaz Abdulgefar Sherif
(Member-SAB)

Ustaz Mohamed Sallah
(MemberSAB)

DIRECTORS' REPORT

GENERAL OUTLOOK OF OPERATING ENVIRONMENT

The global economic climate is continually changing, impacting each country's macroeconomic conditions. When Covid-19 broke out two years ago, it caused a great health catastrophe evolved into an unprecedented economic crisis, which according to the World Bank's June 2022 Report, resulted in the worst global recession since World War II. While the pandemic's after shocks continue to vibrate, two additional shocks struck in the year under review: the unexpected resurgence of inflation and war between Russia and Ukraine. Global economic prospects have worsened specially because of the Russia-Ukraine War causing a tragic humanitarian crisis in Eastern Europe and the sanctions aimed at pressuring Russia to end hostilities.

The aforementioned challenges are likely to drastically hasten the deceleration of the world economy. According to World Bank's World Economic Prospects June 2022 report projection, the Global growth is expected to slow down to 2.9 percent in 2022 from that of 5.7 percent in 2021.

Looking deeper into the IMF's World Economic Outlook for July 2022, the advanced economies' growth is expected to drop to 2.5 percent in 2022, down from 5.2 percent in 2021. Similarly, both Emerging Markets and Developing Economies and Sub-Saharan Africa are predicted to experience weaker growth. While the former is projected to drop to 3.6 percent from 6.8 percent last year, the latter is expected to decrease to 3.8 percent from 4.6 percent.

On the domestic arena in addition to the above projections, Ethiopia has been confronted with enormous social and economic issues that are impeding economic growth. These include; the prolonged internal conflict and instability; the continued effect of COVID-19; frequent climate change which resulted in drought in some parts of the country, high inflation, the worst locust invasion in decades which affected the agriculture and pastoral livelihoods as well as food security. As a result, according to the World Bank's Global Economic Prospects June 2022 Report, Ethiopia's economy decelerated to 3.3 % growth in FY 2021/22 from 6.3% in FY 2020/21.

As Ethiopia imports wheat from Russia and Ukraine, the impact of the situation in these countries had its own pressure on food price. Consequently, the prices of wheat and edible oil have increased by 65% in the months of February and April 2022 alone, exacerbating the inflation in the country. Continued rise in the cost of living is still the main challenge for the economy. The latest Central Statistical Agency report shows that the inflation rate in the country rose to a record high of 37.2% in May, with slight improvement to 34.0% in June 2022.

With regard to the Ethiopian banking industry, the policy adjustments taken by the government last financial year to stabilize inflation, prevent illegal activities in the economy, encourage export trade, etc. had a positive contribution to the performance of the sector. In addition, the National Bank's arrangement for trade finances facilities with regional banks enabled private commercial banks to exploit the opportunity therein was among the positive phenomenon happened during the year.

On the other hand, the upward revision of the reserve requirement and the 70% monthly foreign exchange surrender requirement to the National Bank and the newly introduced requirement for banks to invest 1% of their outstanding loans on DBE Bonds were indeed among some of the challenges faced by the banking industry during the captioned financial year.

Moreover, the emergence of new banks to the industry, the transformation of some Microfinance institutions to a bank, the emerging and active involvement of Mobile Money Service Providers and Fin-Tech companies as well as the competition among the existing and new entrant banks have brought both opportunities and challenges for banks in performing their basic functions in the past financial year. Nevertheless, NIB has properly managed all and has been able to maintain sustainable result in the captioned financial year.

The summarized financial performance of the Bank during the financial year 2021/22 is presented as follows.

FINANCIAL POSITION

ASSETS

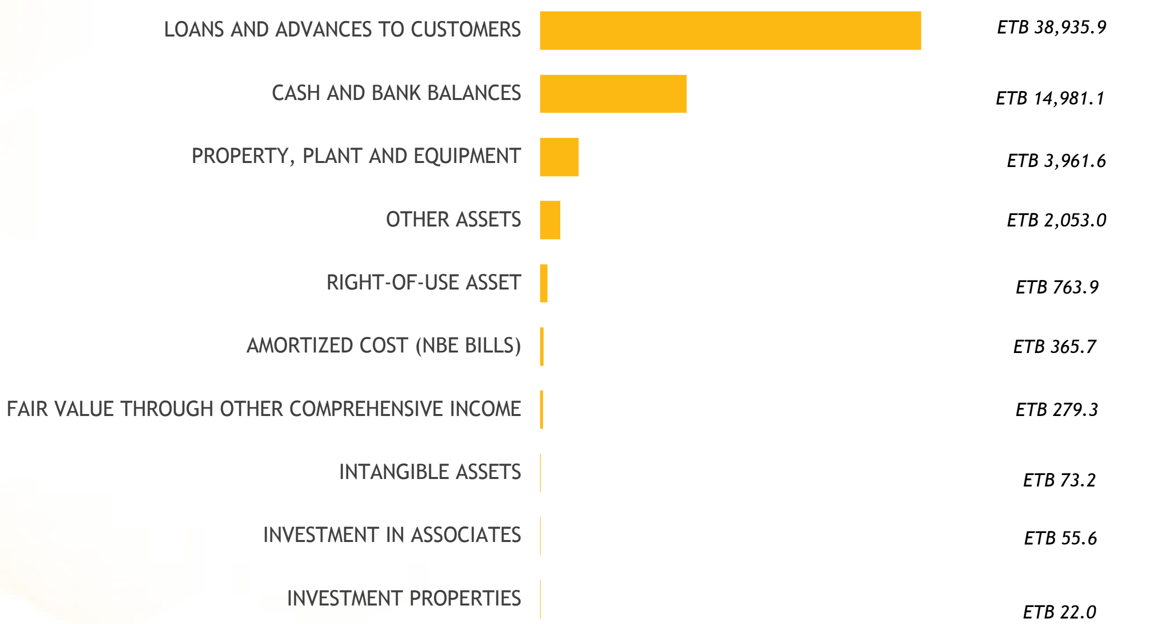
The Bank's total asset reached Birr 61.5 billion, an increase of Birr 7.3 billion over the previous year's corresponding balance of Birr 54.2 billion, with a growth rate of 13.5 percent.

TABLE 1: COMPARISON & COMPOSITION OF ASSETS (In Millions of Birr)

Cash and bank balances
Loans and advances to customers
Fair value through other comprehensive income
Amortized cost (NBE Bills)
Investment in Associates
Investment properties
Property, Plant and Equipment

Out of the total asset of the Bank, net loans and advances account for 63.3% of the Bank's total assets, growing at a 13.8 percent to reach Birr 38.9 billion by the end of June 2022, up by Birr 4.7 billion from last year's position.

CHART 1: TOTAL ASSET BY TYPE DURING JUNE 2022 **IN MILLIONS OF BIRR**



INVESTMENTS

As evidenced by investments in various construction projects, furniture & office equipment's and other fixed asset components totaling a net book value of Birr 4.0 billion. Moreover, the Bank holds equity investments in various companies worth Birr 334.9 million with the aim of ensuring the efficient utilization of shareholders' equity into valuable assets.

LOANS AND ADVANCES

The Bank's total outstanding loans and advances stood at Birr 39.4 billion at the end of the 2021/22 financial year, registering an increase of Birr 4.9 billion (14.2%) over the previous financial year's balance of Birr 34.5 billion. The total number of loan accounts has reached 18,234 at the end of the financial year. Further, the loan to deposit ratio of the Bank at the end of the year reached 79.1 percent.

The Bank's asset quality was substantially better than the projected balance for the year under review, which is also in accordance with the National Bank of Ethiopia's (NBE) regulatory standards. The table below depicts the Bank's loan and advance performance by economic sector.

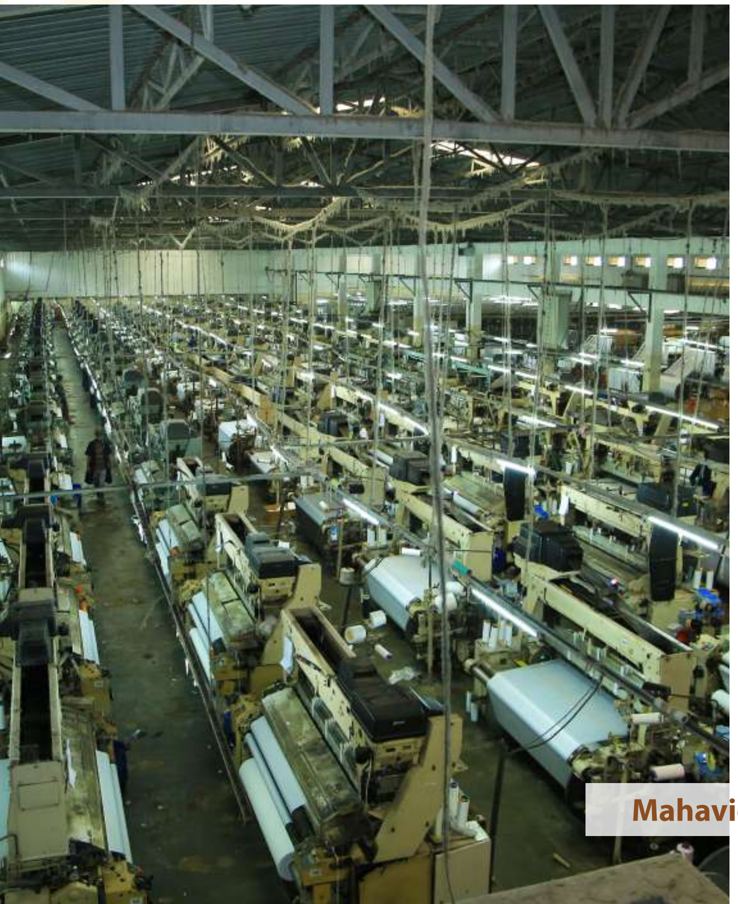
TABLE 2: LOANS AND ADVANCES BY ECONOMIC SECTOR (In Millions of Birr)

Mine, Power & Water
Total Loans & Advances

Chirstian Sisay & His Family PLC

AYAT S.C

FINANCED
PROJECTS



Mahavier Industry PLC

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

CHART 2: SECTORIAL COMPARISON OF LOANS AND ADVANCES

IN BILLIONS OF BIRR

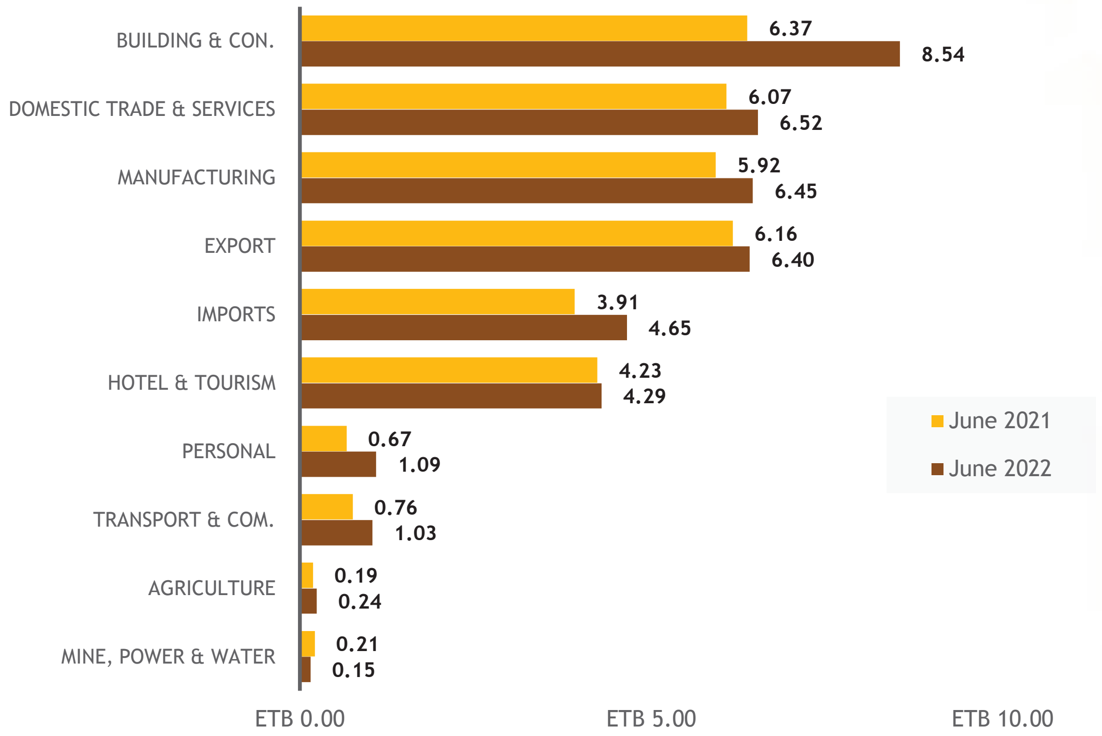
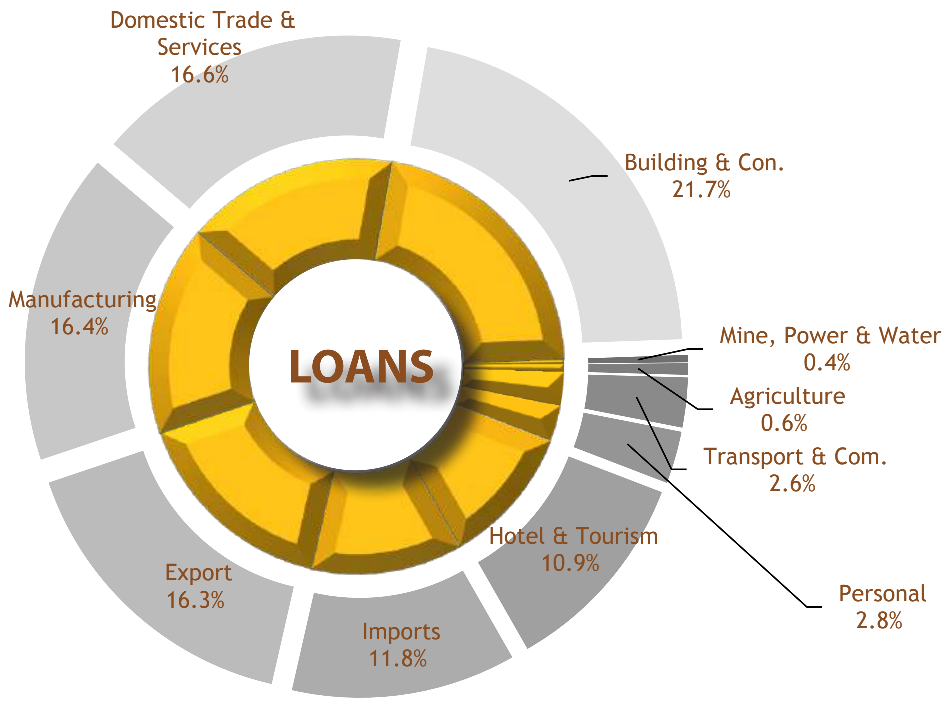


CHART 3: RELATIVE SECTORAL SHARE OF LOANS & ADVANCES



LIABILITIES

The total liability of the Bank stood at Birr 53.4 billion registering a growth of Birr 6.2 billion (13.1%) compared to the corresponding last year figure. Total deposits from customers constituted 93.2% of the total liability. The detail of liabilities is described in the following table.

TABLE 3: COMPARISON & COMPOSITION OF LIABILITIES (In Millions of Birr)

Deposits from customers	
Current tax liabilities	
Retirement benefit obligations	
Deferred tax liabilities	

DEPOSITS

The total deposit mobilized by the Bank reached Birr 49.8 billion, representing an absolute growth of Birr 6.2 billion or 14.3% over the previous year's balance of Birr 43.5 billion.

The number of deposit accounts held by the Bank reached 2,120,860 from 1,674,879 as at end of June 2021 making an absolute growth of 445,981 (26.6%). The table and chart below show the details of the deposits.

TABLE 4: COMPARISON & COMPOSITION OF DEPOSIT (In Millions of Birr)

As presented in table 4 above, the balance of interest-bearing deposits (Savings Deposit & Fixed time deposits) was Birr 40.5 billion that is 81.3% of the total deposit, which was 82.3% as at June 30, 2021. The remaining Birr 9.3 billion (18.7% of the total deposit) was mobilized in the form of non- interest-bearing deposits.

CHART 4: RELATIVE COMPOSITION OF DEPOSITS

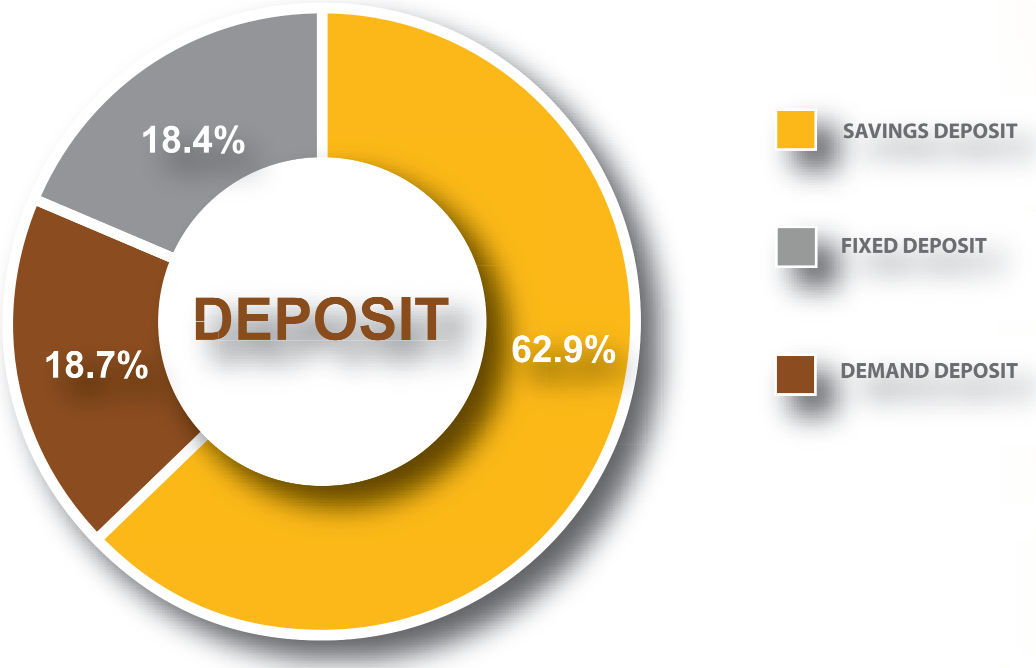
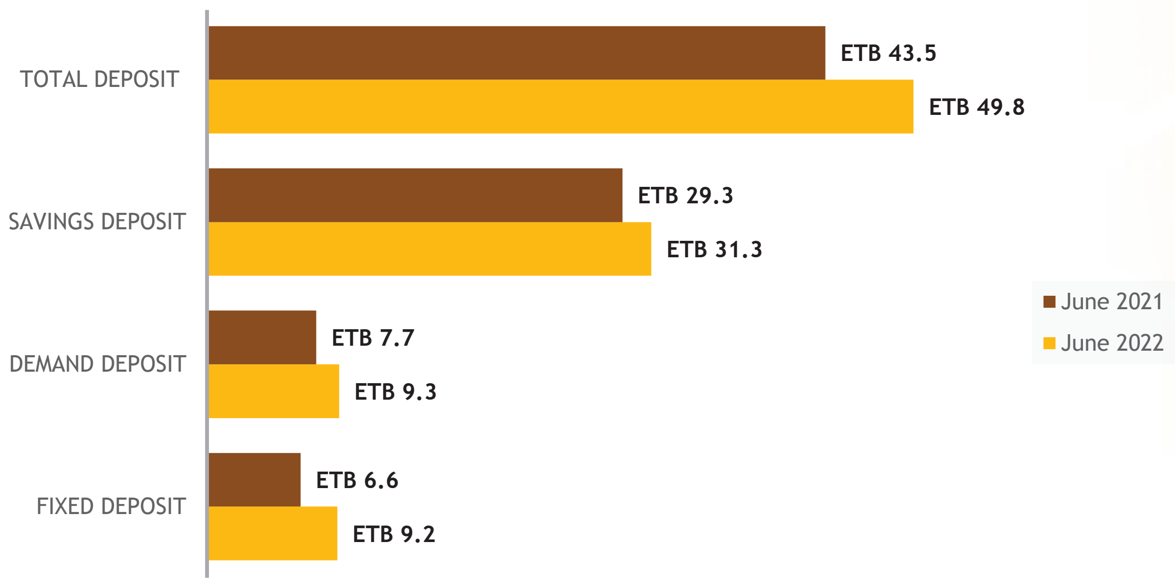


CHART 5: COMPARISON OF DEPOSITS

IN BILLIONS OF BIRR



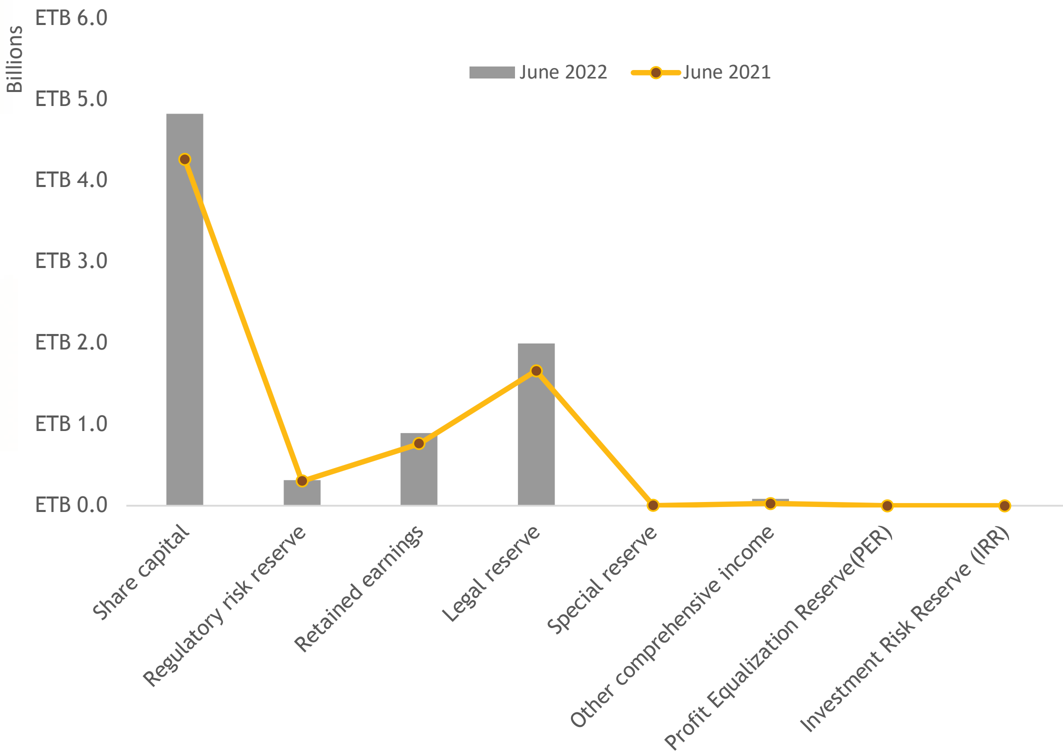
EQUITY

The Bank's total equity, which is composed of paid-up capital, regulatory risk reserve, retained earnings, legal and special reserve reached Birr 8.1 billion exceeding the balance of last year same period by Birr 1.1 billion or 15.7% growth. The detail is presented below.

TABLE 5: COMPARISON & COMPOSITION OF EQUITY (IN MILLIONS OF BIRR)

Regulatory risk reserve
Retained earnings
Other comprehensive income
Profit Equalization Reserve (PER)
Investment Risk Reserve (IRR)

CHART 6: EQUITY GROWTH **IN BILLIONS OF BIRR**



STATEMENT OF PROFIT /LOSS & OTHER COMPREHENSIVE INCOME

INCOME

The Bank managed to generate a total income of Birr 7.0 billion during the financial year, registering a growth of Birr 1.2 billion (20.3%) compared to the total income realized in the preceding year. This demonstrates that the Bank's volume of income and its income generation capacity is growing. The detail composition of income is depicted in the following table.

TABLE 6: COMPOSITION OF INCOME (IN MILLIONS OF BIRR)

Fee and Commission Income
Other Operating Income

CHART 7: COMPOSITION OF INCOME SOURCES

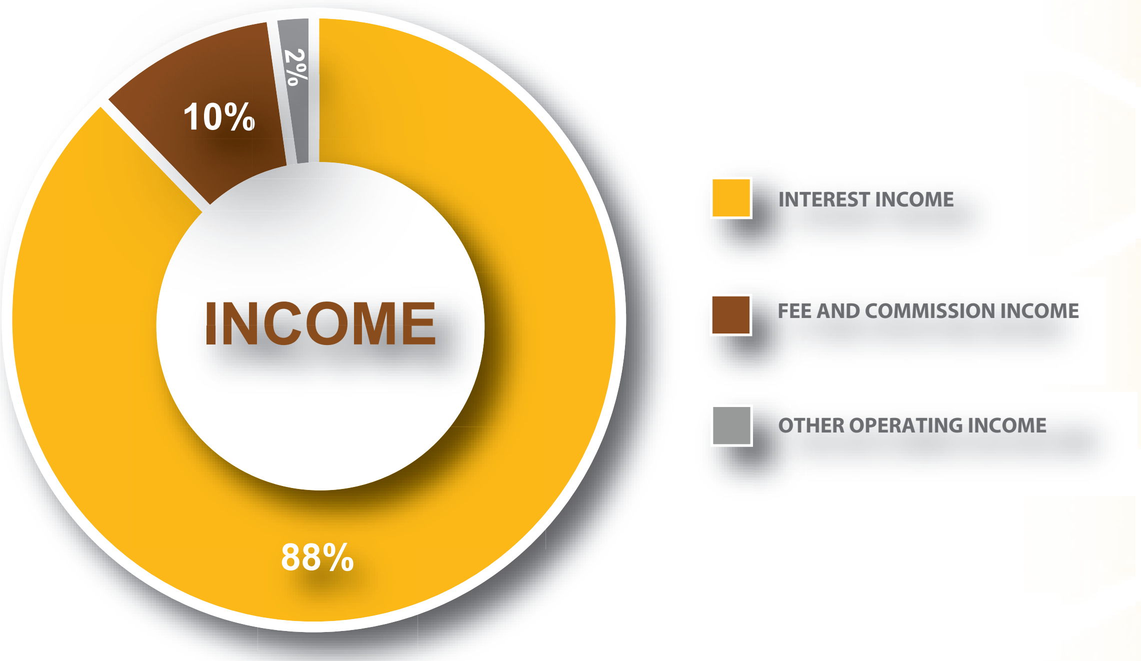
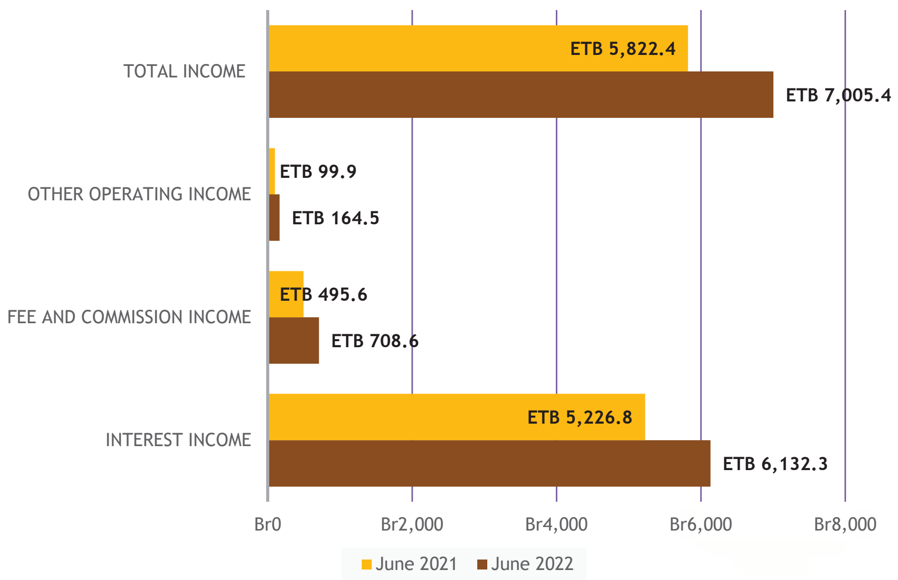


CHART 8: COMPARISON OF INCOME SOURCES

IN MILLIONS OF BIRR



EXPENSES

The total expense of the Bank during the financial period under review reached Birr 5.2 billion which is higher by Birr 1.0 billion (24.9%) compared to last year same period. These expenses are incurred on interest expense, personnel expense, loan impairment charge as well as other operating expenses.

TABLE 7: COMPARISION & COMPOSITION OF EXPENSES (IN MILLIONS OF BIRR)

Fee and commission expense
Personnel Expenses
Other operating expenses
impairment charge

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

The increase in interest expense is primarily due to an increase in deposit level and a rise in interest rate on fixed time deposits. The increase in personnel expenses is mostly attributable to the hiring of new staff and pay rises in relation with salary increments for employees. The breakdown of each expense item is presented below.

CHART 9: COMPOSITION OF EXPENSES

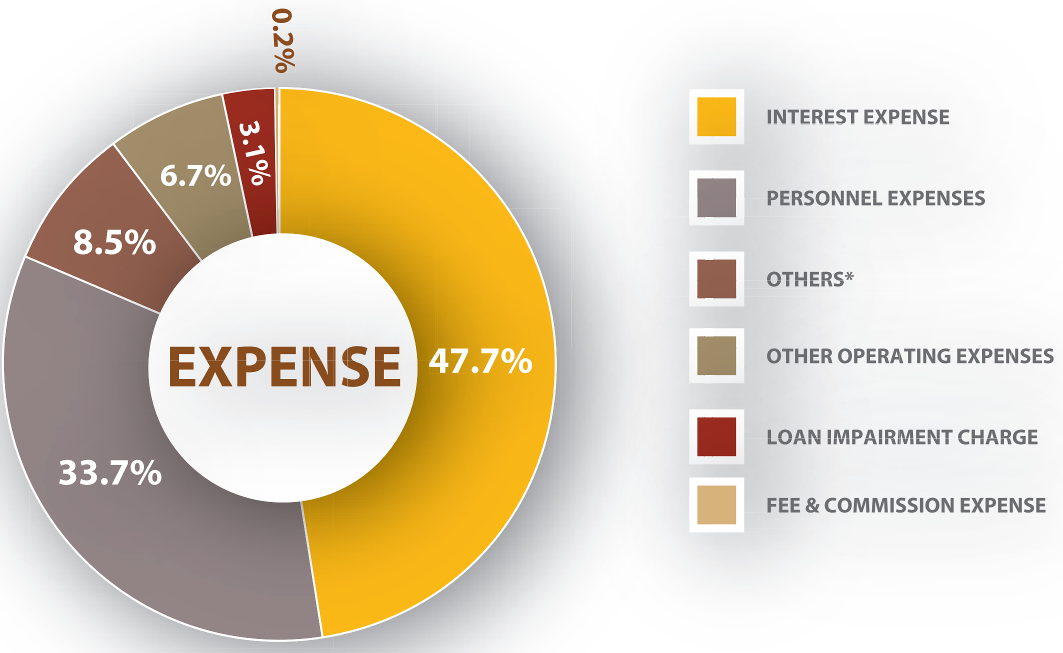
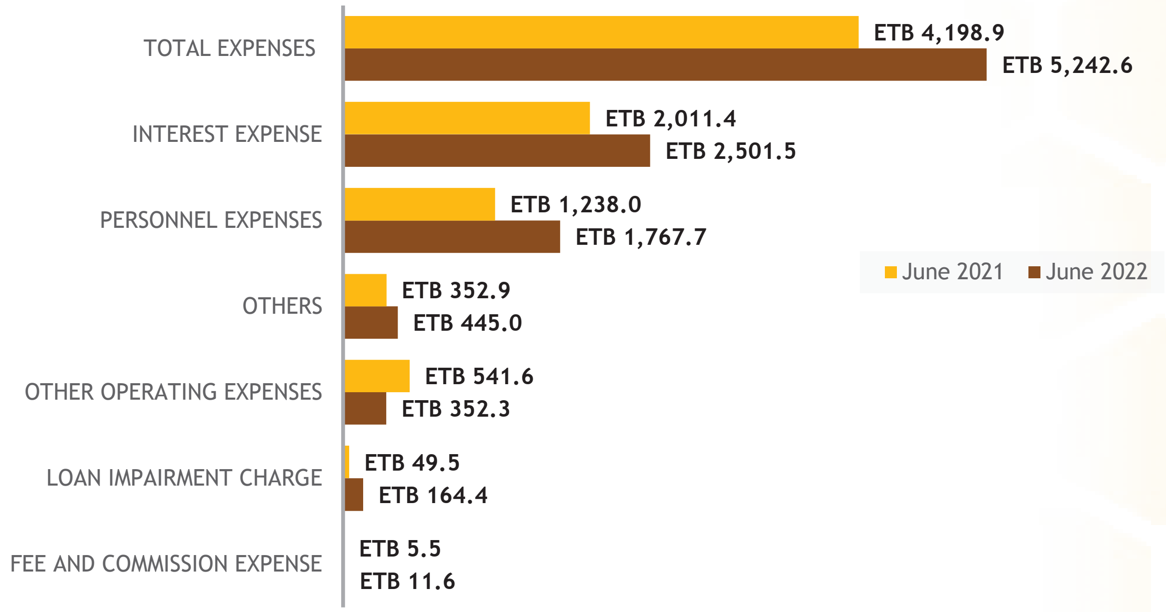


CHART 10: COMPARISON OF EXPENSES

IN MILLIONS OF BIRR



PROFIT

The Bank's profit before and after tax for the financial year were Birr 1.76 billion and Birr 1.34 billion, respectively. The gross profit showed an increase of Birr 139.25 million which grew by 8.6% compared to Birr 1.62 billion registered in the preceding financial year. Similarly, the net profit of the Bank has increased by Birr 122.04 million (10.0%) from last year's balance.

RETURN ON ASSETS AND RETURN ON EQUITY

The Bank's return on assets (ROA), stated as the ratio of profit before tax to average assets, is 3.05% in the financial year. Last year's same period comparable figure was 3.36%. On the other hand, during the financial year, return on paid up capital (ROE) expressed as the ratio of net profit after tax to weighted average paid up capital stood at 29.2% (Birr 146 per share) comparable figure of last year same period was 30.9% (Birr 154 per share).

BUSINESS DEVELOPMENT AND OTHER MAJOR ACTIVITIES

Strategic and core activities vital to the Bank's growth and development were carried out throughout the reporting period. Among others, some of these major activities are presented as follows:

- The Bank has reassessed its strategic plan, taking into account both external and internal considerations, and rearticulated it to maximize shareholder value and meet customer needs. Further, corresponding organizational structure in line with the revised strategic plan of the bank is underway.

- NIB launched "NIB E-Birr" mobile wallet services in partnership with E-Birr Company during the just concluded financial year. NIB E-Birr offers a variety of mobile financial services such as utility payments, bank transfers, remittances, merchant payments, airtime recharges, e-commerce, and more.

- Four new deposit products with attractive interest rates namely; Nib Mar Saving Account, Nib Social Saving Account, Nib Donation Saving Account, and Entrepreneurs' Saving Account, have been designed and formally launched during the financial year.

- Multiple agreements were signed to collaborate and engage with financial technology (Fintech) businesses to promote third-party integration and other corporate enterprises such Ethio telecom, Ethiopian Airlines, schools and others for mutual benefits.

HUMAN RESOURCE

The Bank's staff strength at the end of the financial year was 7,578 up by 196 over the corresponding period of previous year.

Human resource development is also one of the Bank's key concerns. The Bank firmly believes that motivated, competent, and well-trained staff can make a substantial contribution to the bank's performance. To this effect, the bank has been investing in human capital to strengthen its workers' capabilities through education and short-term capacity development training sessions.

Towards this endeavor, 103 in-house and external training programs, including international training sessions, were undertaken over the time period under review to improve the Bank's ability to adapt to the ever-changing business environment as well as provide customers with excellent banking services. Furthermore, the Bank has covered tuition fee for 568 workers who have been attending at various higher education institutions to improve their competencies.

RISK & COMPLIANCE MANAGEMENT

The Bank has placed utmost emphasis to risk management by embedding risk management principles across all of its operations. Relentless efforts were made by the Bank to put these principles in to practice through the promotion of a strong risk management and compliance culture that was reinforced by the tone at the top and enacted through continuous and extensive staff trainings and capacity building programs. The Bank has also adopted a participative risk management approach whereby every employee is treated as a Risk Manager in its area of operation which ultimately enabled the Bank build a risk resilient organization. Moreover, as part of its automation effort, the Bank had successfully implemented a cutting-edge compliance module dubbed "Financial Crime Mitigation" that allowed it to carry out its Anti-Money Laundering and Combating of Financing Terrorism (AML/CFT) duty in line with international standards and national supervisory requirements.

INFORMATION TECHNOLOGY

As part of the Bank's Digital Transformation endeavor, the bank is undertaking different business process automations and infrastructure enhancement in a secured manner. To this effect, the Bank re-implemented the legacy system, T24 R10, to the latest version called T24 R20 that enables to streamline its core processes. As part of the re-implementation initiatives, the bank also modernized the old Internet and Mobile banking solution to new technology that gives its customers different options to undertake digital banking services. Moreover, the Bank has implemented new Financial Crime Mitigation (FCM) system that complies with the international Anti Money Laundering Schema demanded by foreign correspondent Banks. The system enables the Bank to filter the sanctioned customers against local and international sanctioned lists.

As part of the financial inclusion exertion of NBE and National Digital Transformation Strategy of the Government aimed at creating digital economy and cash- lite society, the Bank implemented Digital wallet and Agency banking platform in partnership with E-birr Mobile Financial Services PLC named "NIB E-Birr" that enables the Bank to provide digital banking

services through its on boarded Agents and undertake digital payments in different merchants registered on the payment platforms on top of self-registration and self-payments.

The Bank has integrated its digital payment platforms with different third-party systems, bill aggregators, and e-commerce platforms such us Telebirr, Guzo-Go, Derash e-tax, different schools, etc. that created convenience to its customers to pay bills, air tickets, school fees, traffic penalty payments, government taxes, etc. The bank also integrated with all other banks via EthSwtich for real time inter-bank transactions i.e. P2P transactions.

The bank is also in the process to acquire and implement a standardized Business Intelligence and Data Warehouse solution to develop analytical reports demanded by the regulatory body and the Bank's Management for timely decision making. It is also in the process of acquiring new computing infrastructure for smooth operation of all mission critical systems.

The Bank is also in the process of implementing ISO 27001 Information Security Management standard which will certify its Data center and Internet & mobile banking solution internationally. The Bank has developed and implemented different IT related procedures, standards, guidelines and frameworks.

T24 R20 Reimplementation Press Release

BRANCH NETWORK & ALTERNATIVE CHANNELS

During the financial year under review, the Bank expanded its branch network at various parts of the country. Accordingly, twenty-nine (29) new branches were opened during the period making the total number of branches to reach 410 at the end of the financial year. Of the total number of branches, 210 branches (51.2%) are located in the capital city while 200 branches (48.8%) are operating in the outlying towns. From the total branches, 19 of them are full-fledged IFB branches.

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 its ATMs and Point of Sale (POS) machines deployed at different locations. These ATM 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 274 and 354 respectively.

During the financial period, the Bank has distributed a total of 165,410 new NIB debit Cards to its customers raising the total number of ATM card holders to 670,469 which makes 31.6% of the Bank's customers to be NIB's card holders. Moreover, Mobile and Internet Banking service alternatives have also been strengthened and continued as means of reaching the customers.

INTEREST FREE BANKING

NIB provides Interest Free Banking service through a dedicated window at all of its branches and using its full-fledged "NIB Halal" branches, which exclusively provide interest-free banking services to customers. By the end of the reporting period, the total number of NIB Halal branches has reached nineteen.

NIB has already launched four interest-free deposit and investment products, namely Wadiah Amanah (Safekeeping Saving Account), Qard (Current Account), Mudarabah (profit/loss Sharing) Saving Account, and Mudarabah Fixed Time Deposit. The overall number of IFB customers increased by 129,293 during the reporting period to reach 340,192 clients. Furthermore, the overall deposit from this business segment increased by Birr 768.1 million to reach Birr 3.8 billion.

CONSTRUCTION PROJECTS

To enhance the asset position of the Bank, the task of constructing own building continued satisfactorily. Beside to completing and operationalizing it's the Iconic Headquarter buildings at Addis Ababa and other buildings in different parts of the country; the Bank's high-rise twin-building in Hawassa City is well advanced and is scheduled to be completed during the financial year 2022/23. Furthermore, the Bank has acquired an additional 4,725.4 Seq. meter plot of land from the Addis Ababa City Administration in Kirkos Sub City Wereda 10 to construct a multipurpose building.

Investing shareholders' equity on wealth creation and increasing of earning assets initiatives are believed to have a significant impact on the Bank's profitability. In this regard, the Bank has generated an aggregate rent income of Birr 80.6 million from its own premises located in different parts of the country.

NIB 4 Kilo Building

NIB Dukem Building

NIB Hawassa Building

NIB Hossaena Building

NIB Wolkete Building

CORPORATE SOCIAL RESPONSIBILITY

NIB Bank has played a significant role in contributing to the national development endeavors in many aspects based on the requests of the concerned government organs and on its own initiative to support vulnerable sectors and charity organizations in different aspects. Accordingly, during the financial period, the Bank has carried out different social responsibilities and donated a total of Birr 19.1 million in support of different national missions and vulnerable social groups.

FUTURE PLANS

In order to maintain the momentum of growth in the coming year, our priorities for the financial year 2022/23, based on our revised strategic plan, include the following:

- Implementing of the revised strategic plan to enhance the overall performance and competitive position of the Bank;
- Making huge investment and working on the implementation on state-of-the-art technology by focusing on digital banking services to provide seamless customer experience across channels;
- Strengthening and increasing the volume of business from Interest Free Banking services;
- Enhancing resource mobilization (both local and foreign) efforts of the Bank;
- Introducing new banking products / services and Increasing volume of business;
- Increasing and strengthening strategic partnership with potential companies;
- Strengthening the monitoring & evaluation as well as performance management System;
- Providing closer services to customers by increasing accessibility through Digital and Agent Banking as well as by opening additional branches to enhance financial inclusion along with customer satisfaction;
- Improving the skill and capacity of its human resources by providing adequate on and off the job trainings;
- Enhancing employee productivity through high performance culture, enhanced team spirit as well as belongingness,
- Performing revaluation of the Bank's fixed assets by experts in the area.

We believe that exerting utmost effort towards the key activities will have paramount importance in ensuring sustainable business growth and operational excellence which in turn has an immense contribution for successful achievement of the strategic aspiration of the Bank.

VOTE OF THANKS

Finally, the Board of Directors would like to extend its profound gratitude to our customers, management, employees and other stakeholders of NIB, as well as the National Bank of Ethiopia, for their commitment and dedication that enabled the Bank to register a sustainable performance in the financial year 2021/22.

Woldetensai Woldegiorgis

Chairperson, Board of Directors
December 2022

02

PHOTO GALLERY

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Nib International Bank

2021/22 4th Quarter & Annual Performance Evaluation Meeting

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እንደ ንብ !
Committed to Service Excellence !


እንኳን
ደህና መጣችሁ
Welcome!

Board Training

Revised Strategic Plan Communication

Umbrella Campaign

E-Birr

Federal Document Authentication & Registration Agency

Gasha and Nib Insurance

FloCash

The Bridges Programme Hand Over


Ministry of Revenue


Wolkete Universty

PARTNERSHIP AGREEMENTS

Management Motivation Session

Customers Loyalty Program with Merkato Area Customers

Customer Loyalty Program with
Hawassa Area Customers

Customer Loyalty Program with
Assela Area Customers

Recognition and Awards

Kerode Run at Butajira and Wolkite Towns Sponsored by NIB

03

AUDITORS' REPORT

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS, PROFESSIONAL ADVISOR AND REGISTERED OFFICE

Directors

		Appointment date
Ato Woldetensai Woldegiorgis	Chairman	*29, June 2021*
Ato Alemu Denekew	Vice Chairman	*29, June 2021*
Ato Mulugeta W/Michael	Director	*29, June 2021*
Dr. Alemayehu Gurumu	Director	*29, June 2021*
Ato Melaku Woldemariam	Director	*29, June 2021*
Ato Kifle Sibgaz	Director	*29, June 2021*
Ato Amare Lema	Director	*29, June 2021*
Ato Lema Hailemichael	Director	*29, June 2021*
Ato Seyoum Assfaw	Director	*29, June 2021*
Ato Engliz Biyan	Director	*18, August 2021*
Arct. Mulugeta Asefaw	Director	*19, September 2021*
W/ro Hayat Mustefa (Representing Mulege PLC)	Director	*04, October 2021*

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 Melkamu Solomon	V/P, Resources & Facilities	*25, November 2020*
Ato Assefa Yeshanew	V/P, Information System	*28, November 2019*
Ato Ephrem Teshome	A/V/P, Customer & Channels	*03, November 2021*
Ato Solomon Goshime	Chife Advisor to the President	*22, September 2020*
Ato Abreham Tesfaye	Director,Human Resource Management Department	*06, February 2021*
Ato Assefa Jezza	Director, Supply Chain & Property Management Department	*06, February 2021*
Ato Beyene Alemu	Director, Legal service Department	*11, January 2013*
Wro Eden Haddis	Director, Treasury Department	*05, March 2013*
Ato Yaleme Temesgen	Director, IT Application Management Department	*09, August 2021*
Ato Selam Dirshaye	Director, Finance & Accounts Department	*01, March 2019*
Ato Yohannes Belihu	A/Director, Electronic Channels Department	*27, April 2022*
Ato Gebeyehu Raba	Director, Planning & Monitoring Department	*01, February 2022*
Ato Thewodros Haile	Director, Marketing & Business Development Department	*12, January 2022*
Ato Amin Tadesse	Director, Internal Audit Department	*15, February 2021*
Ato Natnael Tsegaye	A/Director, Corporate Banking Department	*03, November 2021*
Ato Birhane Bekele	Director, Facilities & Maintenance Management Department Department	*26, November 2021*
Ato Mesfin Sisay	Director, IT Infrastructure & System Support Department	*13, February 2021*
Ato Shiferaw Argaw	Director, Credit Portfolio Management and Workout Department	*06, February 2021*
Ato Sirak Yifru	Director, Trade Finance Department	*26, November 2021*
Ato Alemu Semaye	Director, Credit Appraisal Department	*01, March 2019*
Ato Tamene Demissie	Director, Risk & Compliance Management Department	*13, April 2022*
Ato Abdulkadir Wolela	Director, Interest Free Banking Department	*06, February 2021*
Ato Osman Ali	Director, Learning & Development Department	*12, January 2022*
Ato Daniel Birhanu	Director, Projects & Transformation Department	*06, February 2021*

Independent Auditor

Degefa & Tewodros Audit Service Partnership

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

Corporate Office

Ras Abebe Teklearegay Avenue
In front of Addis Ababa University School of Commerce
P.O.Box 2439
Addis Ababa, Ethiopia

Company Secretary

Ras Abebe Teklearegay Avenue
In front of Addis Ababa University School of Commerce
P.O.Box 2439

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
REPORT OF THE DIRECTORS

The directors submit their report together with the financial statements for the year ended 30 June 2022, 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 2022 are set out on page 56.The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2022 Birr'000	30 June 2021 Birr'000
Interest income	6,132,281	5,226,840
Profit before tax	1,762,801	1,623,548
Income tax expense	(424,153)	(406,938)
Profit for the year	1,338,648	1,216,609
Other comprehensive income, net of taxes	55,251	(15,841)
Total comprehensive income for the year	1,393,898	1,200,768

Directors

The directors who held office during the year and to the date of this report are set out on page 50.

Woldetensai Woldegiorgis
Chairman-Board of Directors
Addis Ababa, Ethiopia

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
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 Management 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 2021, 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 to keep such records as are necessary to:

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

b) explain its transactions and financial position; and

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

The Bank's Management 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 2021 and the relevant Directives issued by the National Bank of Ethiopia.

The Management 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 Management 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 Management 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 and Management by:

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

Woldetensai Woldegiorgis Chairman-Board of Directors	Genene Ruga President

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

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

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

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

Partners
Degefa Lemessa, B.A, FCCA & Tewodros Hailu, M.A, FCCA

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 2022, statement of financial position as at 30 June 2022, 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 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by IASB.
As required by the commercial code of Ethiopia, based on our audit we report as follows:

i) Pursuant to Article 349 (1) of the Commercial Code of Ethiopia, 2013 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 349 (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.

Degefa & Tewodros Audi Services Partnership
Chartered Certified Accountants

Addis Ababa
October 26, 2022

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30 June 2022 Birr'000	30 June 2021 Birr'000
Interest income calculated using the EIR method	5	6,132,281	5,226,840
Interest expense	6	(2,501,530)	(2,011,358)
Interest expense: Lease Liabilities	7	(17,067)	(15,783)
Net interest income		**3,613,685**	**3,199,699**
Fee and commission income	8	708,575	495,642
Fee and commission expense	8	(11,636)	(5,548)
Net fees and commission incom		**696,939**	**490,094**
Other operating income	9	155,457	94,933
Total operating incom		**4,466,082**	**3,784,725**
Loan impairment charge	10	(164,443)	(49,461)
Impairment losses on other assets	11	0	(13,342)
Impairment Charge on deposit with other banks	14	(61)	(134)
Impairment Charge on NBE Bills	16	315	(8)
Impairment losses on loan commitment & financial guarantee	24	8	4,417
Net operating income		**4,301,902**	**3,726,198**
Personnel expenses	12	(1,767,730)	(1,237,983)
Amortisation of intangible assets	21	(7,895)	(4,459)
Depreciation and impairment of right-of-use asset	22	(276,241)	(236,865)
Depreciation and impairment of property, plant and equipment	23	(143,741)	(82,349)
Other operating expenses	13	(352,256)	(541,587)
		(2,547,863)	**(2,103,243)**
Profit before tax and share of income from associates		1,754,039	1,622,955
Share of net profit of associate accounted for using the equity method	18	8,763	593
Profit before tax		**1,762,801**	**1,623,548**
Income tax expense	14	(424,153)	(406,938)
Profit after tax		**1,338,648**	**1,216,609**
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	(4,602)	(3,281)
Deferred tax (liability)/asset on remeasurement gain or loss	14	1,381	984
Bank's share of associate's other comprehensive income(net of tax)		(176)	102
		(3,397)	**(2,195)**
Gain on change in Fair Value of Investment Securities		83,783	(19,495)
Deferred tax (liability)/asset on gain on change in fair value of equity securities		(25,135)	5,848
		58,648	**(13,646)**
Total comprehensive income for the period		**1,393,898**	**1,200,768**
Basic & diluted earnings per share (Birr)	27	146	154

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

The financial statements were approved and authorised for issue by the Directors and Management on October 27, 2022 and were signed on its behalf by:

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ደገፋ እና ቴዎድሮስ የኦዲት አገልግሎት የሽርክና ማህበር Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

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

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2022 Birr'000	30 June 2021 Birr'000
ASSETS			
Cash and bank balances	15	14,981,107	7,425,127
Loans and advances to customers	16	38,935,902	34,218,303
Investment securities:			
- Fair value through other comprehensive income	17	279,253	185,996
- Amortzed cost (NBE Bills)	17	365,729	6,671,432
Investment in associates	18	55,647	48,298
Other assets	19	2,053,013	1,316,646
Investment property	20	22,007	22,487
Intangible assets	21	73,191	22,878
Right-of-use asset	22	763,881	640,997
Property, plant and equipment	23	3,961,587	3,647,013
Total assets		**61,491,317**	**54,199,177**
LIABILITIES			
Deposits from customers	24	49,758,078	43,537,890
Borrowings	25	139,106	321,089
Current tax liabilities	14	404,034	410,547
Other liabilities	26	2,683,037	2,610,092
Lease liabilities	27	266,493	231,452
Retirement benefit obligations	28	46,007	39,262
Deferred tax liabilities	14	79,042	35,168
		53,375,796	47,185,500
Total liabilities		**53,375,796**	**47,185,500**
EQUITY			
Share capital	29	4,824,476	4,260,514
Share premium	29	-	-
Regulatory risk reserve	4.2.9	315,991	302,114
Retained earnings	31	895,815	763,141
Legal reserve	32	1,994,564	1,659,903
Special reserve	33	2,300	2,200
Other comprehensive income		81,056	25,806
Profit Equalization Reserve(PER)		881	-
Investment Risk Reserve (IRR)		440	-
Total equity		**8,115,522**	**7,013,677**
Total equity and liabilities		**61,491,317**	**54,199,177**

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

The financial statements were approved and authorised for issue by the Directors and Management on October 27, 2022 and were signed on its behalf by:

Woldetensai Woldegiorgis
Director

Genene Ruga
President

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Special reserve Birr'000	Regul atory risk reserv Birr'001	Regulatory risk reserve Birr'000	Other comprehensive income Birr'000	Profit Equalization Reserve Birr'000	Investment Risk Reserve Birr'000	Total Birr'000
As at 1 July 2021		**4,260,514**	**763,141**	**1,659,903**	**2,200**	**-**	**302,114**	**25,806**			**7,013,678**
Profit for the year	31	-	1,338,648	-	-	-	-	-			1,338,648
Net other comprehensive incomefor the year		-	-	-	-		-	55,251			55,251
Issue of shares	29	563,962	-	-	-						563,962
Profit Equalization Reserve									881		881
Investment Risk Reserve									440		440
Transfer to legal reserve	32	-	(334,662)	334,662	-						-
Transfer to special reserve	33	-	(100)	-	100						-
Transfer to regulatory risk reserve			(13,877)				13,877	-			-
Dividend paid	31	-	(763,141)	-	-						(763,141)
Board of directors' remuneration	31		(1,800)								(1,800)
Profit tax paid per assessment	31		(92,394)								(92,394)
As at 30 June 2022		**4,824,474**	**895,815**	**1,994,565**	**2,300**	**-**	**315,991**	**81,056**	**1,321**	**-**	**8,115,523**

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

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Woldetensai Woldegiorgis	Genene Ruga
Director	President

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
STATEMENT OF CASH FLOWS

	Notes	30 June 2022 Birr'000	30 June 2021 Birr'000
Cash flows from operating activities			
Cash generated from operations	34	(8,802,310)	(10,323,840)
Proceeds of deposits from customers	24	6,220,188	9,886,776
Interest received	5	6,132,281	5,226,840
Interest paid	6	(2,501,530)	(2,011,358)
Interest paid: Lease liabilities	7	(3,581)	(5,170)
Defined benefit paid	28	(7,751)	(3,025)
Directors allowance paid		(1,800)	(1,800)
Allowance for Board of director's election nomination committee paid		-	(375)
Income tax paid		(410,547)	(246,560)
Net cash (outflow)/inflow from operating activities		**624,950**	**2,521,489**
Cash flows from investing activities			
Purchase of equity investments	17	(9,474)	(35,993)
proceeds from sale of equity investment			33,600
Purchase of intangible assets	21	(58,207)	(2,966)
Payment for construction in progress	23	(375,471)	(776,714)
Payment for right-of-use asset	27	(321,864)	(279,186)
Purchase of property, plant and equipment	23	(82,366)	(191,566)
Redemption/Purchase of NBE Bills		6,306,019	(15,000)
Interest on NBE Bills		-	(2,465)
Additional investment in associates		(8,763)	(593)
Dividend collected from associates		1,238	459
Proceeds from sale of property, plant and equipment and repossed collateral	34	849	(1,061)
Net cash (outflow)/inflow from investing activities		**5,451,960**	**(1,271,487)**
Cash flows from financing activities			
Proceeds from issues of shares	29	563,962	824,305
Proceeds from borrowings	25	(181,983)	267,574
Repayment of lease liabilities: principal portion	25	(55,705)	(100,837)
Dividend paid	31	(763,141)	(733,383)
Net cash (outflow)/inflow from financing activities		**(436,868)**	**257,659**
Net increase/(decrease) in cash and cash equivalents		**5,640,042**	**1,507,659**
Cash and cash equivalents at the beginning of the year	15	5,200,119	3,692,460
Effect of exchange rate movement on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	15	**10,840,161**	**5,200,119**

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

The financial statements were approved and authorised for issue by the Directors and Management on October 27, 2022 and were signed on its behalf by:

Woldetensai Woldegiorgis
Director

Genene Ruga
President

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
NOTES TO THE FINANCIAL STATMENTS

1. General Information

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

Ras Abebe Teklearegay Avenue
In front of Addis Ababa University School of Commerce
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 2022 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).

No. 4
Nib International Bank S.C.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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NIB INTERNATIONAL BANK
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FOR THE YEAR ENDED 30 JUNE 2022
NOTES TO THE FINANCIAL STATMENTS

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 accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2.1 Going Concern

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

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 2022, and have not been applied in preparing these financial statements.

Standard	Description	Effective Date	Impact
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, 2023 and are to be applied retrospectively. Earlier application is permitted.	The Bank has opted not adopt early. No significant impact is expected.

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Nib International Bank S.C. No. 4

Certified Auditors in Ethiopia Degefa and Tewodros Audit Service Partnership

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
NOTES TO THE FINANCIAL STATMENTS

Standard	Description	Effective Date	Impact
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	Annual reporting periods beginning on or after 1 January 2022	The Bank opted to apply the amendments when due.
IAS 37, 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).	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.
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.	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

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
NOTES TO THE FINANCIAL STATMENTS

Standard	Description	Effective Date	Impact
Annual Improvements to IFRS Standards	IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	The improvements are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted.	The bank shall apply the improvements when due. The improvements are not expected to have an significant impact on the bank's financial statements.
	IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.		
	IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.		
IFRS 17 Insurance contracts	The standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.	Applicable to annual reporting periods beginning on or after 1 January 2023	The standard is not relevant for the Bank's reporting purpose.

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
NOTES TO THE FINANCIAL STATMENTS

Standard	Description	Effective Date	Impact
IAS 12 amendments on deferred tax	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.	The amendments are effective for annual periods beginning on or after 1 January 2023	The bank shall apply the amendment when due. The amendments are not expected to have an impact on the statements.
Definition of Accounting Estimates (Amendments to IAS 8)	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	Effective for annual reporting periods beginning on or after 1 January 2023.	The bank shall apply the amendment when due. The amendments are not expected to have an impact on the statements.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	Effective for annual reporting periods beginning on or after 1 January 2023.	The bank shall apply the amendment when due. The amendments are expected to have an impact on the statements.

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
NOTES TO THE FINANCIAL STATMENTS

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 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 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 share of the results of operations of the associate . Any change in OCI of those investees is presented as part of the 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.

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
NOTES TO THE FINANCIAL STATMENTS

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 right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

NIB INTERNATIONAL BANK
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
NOTES TO THE FINANCIAL STATMENTS

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 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 at FVTPL:

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

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

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

- *Business model assessment*

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

the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether 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;

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;

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 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, shall be defined as the fair value of the financial asset on initial recognition. 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).

ii) Financial Liabilities

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

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

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

c. Impairment

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

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

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

No impairment loss shall be recognised on equity investments.

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

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NOTES TO THE FINANCIAL STATMENTS

i) Measurement of ECL

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

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

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

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

ii) Restructured Financial Assets

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

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

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

iii) Credit-impaired Financial Assets

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

A financial asset shall be considered - 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 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.

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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;

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 losses on financial 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.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

No. 4
Nib International Bank S.C.

Accounting and Auditing Board of Ethiopia
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d. Derecognition

i) Financial Assets

The Bank shall derecognise a financial asset when:

— The contractual right to the cash flows from the financial asset expires, or

It transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or

Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

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

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

ii) Financial Liabilities

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

e. Modifications of Fnancial Assets and Financial Liabilities

i) Financial Assets

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

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

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

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

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

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

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

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

ii) 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.

f. 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.

g. 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.

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2.7 Islamic Banking

Murabaha

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

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

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

These products are carried at amortised cost less impairment.

2.8 Net Interest Income

a. Effective interest rate and amortised cost

Interest income and expense are recognised in profit or loss using the effective interest method. The interest 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 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 interest basis;

- Interest on debt instruments measured at FVOCI calculated on an effectiv intest basis;

__ the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and

- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the 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 recognizes:
_ all leases as 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.

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.

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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 include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used 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 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 carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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

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

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

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
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 method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

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

2.13 Investment Aroperty

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.

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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 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 recoverable amount. An recoverable amount is the higher of an or cash-generating (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 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 or recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the 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 Assets

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

(a) Prepayment

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

(b) Other Receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise and cancelled when payment is received. The Bank's other receivables are receivables from mastercard, receivables from visa card and other receivables from debtors.

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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 private organisation employees pension proclamation. 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.

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.

2.22 Income Taxation

(a) Current Income Tax

The income tax expense or credit for the period is the tax payable on the current 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 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 4.5
• Financial risk management and policies Note 4

Judgements, estimates and assumptions

In process of applying the 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.

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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 judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Impairment of non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at 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 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 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 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 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 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.

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 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.

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In Birr'000	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost				
	33,349,224	-	-	**33,349,224**
Stage 2 – Special mention	-	4,886,995	-	**4,886,995**
Stage 3 - Non performing	-	-	1,130,668	**1,130,668**
Total gross exposure	**33,349,224**	**4,886,995**	**1,130,668**	**39,366,887**
Loss allowance	(207,500)	(53,716)	(169,769)	**(430,985)**
Net carrying amount	**33,141,724**	**4,833,279**	**960,899**	**38,935,902**

In Birr'000		2022		
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	12 Month ECL	14,981,493	(385)	14,981,107
Investment securities (debt instruments)	12 Month ECL	365,748	(18)	365,729
Other recevables and financial assets	Lifetime ECL	1,599,206	(20,642)	1,578,565
Totals		**16,946,447**	**(21,045)**	**16,925,401**

In Birr'000	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost				
	27,014,226	-	-	**27,014,226**
Stage 2 – Special mention	-	6,556,205		**6,556,205**
Stage 3 - Non performing	-	-	914,414	**914,414**
Total gross exposure	**27,014,226**	**6,556,205**	**914,414**	**34,484,845**
Loss allowance	(115,447)	(52,427)	(98,668)	**(266,542)**
Net carrying amount	**26,898,779**	**6,503,778**	**815,746**	**34,218,303**

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In Birr'000		2021		
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	12 Month ECL	7,425,451	(325)	7,425,127
Investment securities (debt instruments)	12 Month ECL	6,671,766	(334)	6,671,432
Other recevables and financial assets	Lifetime ECL	909,541	(20,642)	888,899
Totals		**15,006,758**	**(21,300)**	**14,985,458**

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 2022	**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	241,394	588,053	1,835		28,547	618,435
- Manufacturing	6,446,920	13,182,476	21,900		926,543	14,130,920
- Domestic Trade and Service	6,517,161	20,644,007	140,559		872,975	21,657,541
- Transport and communication	1,032,612	906,699			1,811,405	2,718,104
- Hotel and tourism	4,293,517	11,821,682			274,315	12,095,997
- Export	6,401,822	8,350,720	172,334		4,308,445	12,831,499
- Import	4,653,350	12,692,392	349,358		905,400	13,947,150
- Building and Construction	8,540,628	25,267,921	445		1,108,978	26,377,344
- Mines, Power and Water	153,773	624,904			124,980	749,883
- Personal	1,085,710	174,827	542.40		1,507,485	1,682,855
	39,366,887	**94,253,681**	**686,974**	-	**11,869,074**	**106,809,729**
Investment securities:						-
- FVOCI	279,253					-
- Amortzed cost (Government Bonds))	365,748					-
	645,000	-	-	-	-	-
Other assets	1,599,206	-	-	-	-	-
	1,599,206	-	-	-	-	-
Purchase commitments	121,645					
Loan commitments	3,279,885					
Guarantees	2,840,336					
Letters of credit and others	677,528					
	48,530,488	**94,253,681**	**686,974**	-	**11,869,074**	**106,809,729**

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30 June 2021	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	186,990	555,743				555,743
- Manufacturing	5,919,780	12,268,582	21,900	-		12,290,482
- Domestic Trade and Service	6,072,472	18,121,760	15,374	-	552,451	18,689,585
- Transport and communication	755,075	2,029,312		-		2,029,312
- Hotel and tourism	4,232,510	12,809,200		-	696	12,809,896
- Export	6,160,726	7,868,968	155,361	-	4,052,663	12,076,992
- Import	3,912,069	10,139,891	233,000	-	37,164	10,410,055
- Building and Construction	6,367,280	17,325,469	2,107	-	114,121	17,441,697
- Mines, Power and Water	212,192	427,812	0	-		427,812
- Personal	665,752	448,581	56,053	-	3,079,190	3,583,823
	34,484,845	**81,995,318**	**483,795**	**-**	**7,836,284**	**90,315,397**
Investment securities:						-
- FVOCI	185,996					-
- Amortzed cost (NBE Bills)	6,671,766					-
	6,857,762	-	-	-	-	-
Other assets	909,541	-	-	-	-	-
	909,541	-	-	-	-	-
Purchase commitments	159,969					
Loan commitments	2,147,380					
Guarantees	2,696,162					
Letters of credit and others	844,912					
	48,100,571	**81,995,318**	**483,795**	**-**	**7,836,284**	**90,315,397**

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 focus on corporate 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.

ii) Investment securities designated as at FVTPL

At 30 June 2022, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL.

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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 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
— Internally collected data on customer behaviour – e.g. utilisation of credit card facilities
— Affordability metrics

b. Overdraft exposures

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

iv) Generating the term structure of PD

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

v) Determining whether credit risk has increased significantly

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

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the 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

- 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

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

vii) Incorporation of forward-looking information

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

For each segment, the Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. For each sector, the base case is aligned with the macroeconomic model's information value output, a measure of the predictive power of the model, as well as base macroeconomic projections for identified macroeconomic variables for each sector. The upside and downside scenarios are based on a combination of a percentage error factor of each sector model as well as simulated optimistic and pessimistic macroeconomic projections based on a measure of historical macroeconomic volatilities.
External information considered includes economic data and forecasts published by Business Monitor International, an external and independent macroeconomic data body. This is in addition to industry – level, semi – annual NPL trends across statistically comparable sectors.

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

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

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

Sector/Product	Macroeconomic factors				
Agriculture and Personal loans	Goods exports, USD	Services imports, USD			
Domestic Trade & Services					
Building & Construction and Manufacturing & Production	Real GDP, LCU (2010 prices)	Goods imports, USD			-
Export and Import	Consumer price index inflation, 2010=100, eop	Goods imports, USD	Current account balance, USD	Import cover months	Real GDP per capita, USD (2010 prices)

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Macro-economic factor		2022	2023
Consumer price index inflation, 2010=100, ave		585	335
Exports of goods and services, USD		7,949	4,312
Government domestic debt, LCU	1,029,705	1,311,530	741,300
LCU/USD, ave	39	48	26
Nominal GDP, LCU	3,761,684	4,841,072	2,766,563
Private final consumption, LCU	2,686,027	3,602,073	2,096,494
Total domestic demand, LCU	4,094,336	5,199,565	2,953,086
Savings, LCU	1,056,115	1,058,363	525,050
Population	116,419,908	119,344,463	160,406,349
Consumer price index inflation, 2010=100, eop	440		328
M1, LCU	398,990	463,645	244,950
M2, LCU	1,192,960	1,450,580	776,445
Current expenditure, LCU	285,099		237,925
Goods imports, USD	13,056	14,996	7,821
Goods exports, USD	3,626	4,022	2,023
Current account balance, USD	-3,353	-4,482	-2,489
Import cover months	2	2	1
Total household spending, LCU	3,112,045	4,197,597	2,446,608
Nominal GDP, USD	95,669	100,847	53,483
Real GDP, LCU (2010 prices)	913,754,000,00	944,211,000,000	484,272,500,000
Real GDP, USD (2010 prices)	63,412,863,646	65,526,523,984	33,607,629,636
Real GDP per capita, USD (2010 prices)	545	549	278
Nominal GDP, USD (PPP)	285,914,796,233	315,978,796,495	169,280,154,928
Private final consumption, USD	68,171	74,903	40,529
Government final consumption, LCU	336,123	406,173	223,935
Government final consumption, USD	8,567	8,490	4,329
Exports of goods and services, LCU	278,927	382,338	223,026
Imports of goods and services, LCU	616,897	740,831	409,549
Imports of goods and services, USD	15,741	15,481	7,917
Total domestic demand, USD	104,195	108,379	57,089
Unemployment, % of labour force, ave	4	3	2
Real effective exchange rate index	60	27	10
LCU/USD, eop	44	52	27
Total revenue, LCU	296,550	363,207	204,726
Total revenue, USD	7,571	7,576	3,958
Total expenditure, LCU	398,379	523,143	307,089
Total expenditure, USD	10,153	10,869	5,937
Current expenditure, USD	7,242	8,225	4,600
Budget balance, LCU	-101,830	-159,936	-102,363
Budget balance, USD	-2,582	3,293)	-1,979
Services imports, USD	5,530	5,858	3,032
Services exports, USD	4,730	5,202	2,704
Total reserves ex gold, USD	3,016	2,955	1,463
Total external debt stock, USD	31,859	35,573	18,896
Long-term external debt stock, USD	30,311	33,809	18,006
Public external debt stock, USD	30,311	33,809	18,006
Total government debt, USD	55,355	60,625	32,895
Total debt service, USD	1,999	2,172	1,172

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 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 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 forbearance policy, the estimate of PD reflects whether the modification has improved or restored the ability to collect interest and principal and the previous experience of similar forbearance action. As part of this process, the Bank evaluates the 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 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 contractual ability to demand repayment and cancel the undrawn commitment does not limit the 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.

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

x) *Loss allowance*

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

	2022			
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 2021	**115,447**	**52,427**	**98,668**	**266,542**
Net remeasurement of loss allowance	92,053	1,289	71,101	164,443
Balance as at 30 June 2022	**207,500**	**53,716**	**169,769**	**430,985**

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	2022			
In Birr'000	**Cash and balances with banks**	**Investment securities (debt instruments)**	**Other receivables and financial assets**	**Total**
Other financial assets (debt instruments)				
Balance as at 1 July 2021	**325**	**334**	**20,642**	**21,300**
Net remeasurement of loss allowance	(61)	315	0.00	**254**
Balance as at 30 June 2022	**385**	**18**	**20,642**	**21,045**

	2022			
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 2021	**924**	**-**	**-**	**924**
Net remeasurement of loss allowance	(8)	-	-	**(8)**
Balance as at 30 June 2022		**-**	**-**	**916**

	2021			
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 2020	**138,147**	**33,764**	**45,171**	**217,082**
Net remeasurement of loss allowance	(22,700)	18,664	53,497	**49,461**
Balance as at 30 June 2021	**115,447**	**52,427**	**98,668**	**266,542**

	2021			
In Birr'000	**Cash and balances with banks**	**Investment securities (debt**	**Other receivables and financial**	**Total**
Other financial assets (debt instruments)				
Balance as at 1 July 2020	**190**	**326**	**7,300**	**7,816**
Net remeasurement of loss allowance	135	8	13,342	**13,484**
Balance as at 30 June 2021	**325**	**334**	**20,642**	**21,300**
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 2020	**4,184**	**197**	**961.00**	**5,342**
Net remeasurement of loss allowance	(3,260)	(197)	(961)	(4,418)
Balance as at 30 June 2021	**924**	**-**	**-**	**924**

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4.2.4 Concentrations of credit risk

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

	Amount Millions of ETB	
Concentration by sector	**2022**	**2021**
Agriculture	241	187
Manufacturing	6,447	5,920
Domestic Trade and Service	6,517	6,072
Transport and communications	1,033	755
Hotel and tourism	4,294	4,233
Export	6,402	6,161
Import	4,653	3,912
Building and Construction	8,541	6,367
Mines, Power and Water	154	212
Personal	1,086	666
Total	**39,367**	**34,485**

4.2.5 Net interest income

In millions of ETB	2022	2021
Interest income	6,132	5,227
Interest expense	(2,519)	(2,027)
Net interest income	**3,614**	**3,200**

4.2.6 Cash and cash equivalents

In millions of ETB	2022	2021
Unrestricted balances with central banks	1,467	1,044
Cash and balances with other banks	3,733	4,156
Money market placements	5,640	-
Total cash and cash equivalents	**10,840**	**5,200**

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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 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 2022, the Bank transferred an amount of Birr 14 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 2022 Birr'000	30 June 2021 Birr'000
Total impairment based on IFRS	(452,946)	(288,767)
Total impairment based on NBE Directives	(774,260)	(585,742)
Difference in provisions	321,314	296,976
Legal reserve @ 25%	(80,328)	(74,244)
	240,985	**222,732**
(b) Suspended interest included within various line items under interest income	33,672	42,009
Income tax @30%	(10,102)	(12,603)
	23,571	**29,406**
Legal reserve @ 25%	(5,893)	(7,351)
	17,678	**22,054**
Day 1 adjustment to loss allowance on loans and advances (on balance sheet) as at 1 July 2018.	57,328	57,328
	315,991	**302,114**

Movements in regulatory risk reserve account

As at July 1, 2021	**302,114**
Change in impairment	18,253
Change in suspended interest	(4,376)
As at June 30, 2022	**315,991**

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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 2022	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	2,664,841	2,747,243	3,737,556	1,846,155	38,762,283	49,758,078
Borrowings	77,791		-	35,124	26,191	139,106
Other liabilities	466,118	164,228	219,288	1,074		850,707
Total Financial Liabilities	3,208,750	2,911,471	3,956,844	1,882,352	38,788,474	50,747,891

30 June 2021	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	2,474,419	1,810,818	1,917,478	1,680,373	35,654,803	43,537,890
Borrowings	35,124		98,724	81,324	105,917	321,089
Other liabilities	377,936	177,075	33,718	69,827	116,800	775,356
Total Financial Liabilities	2,887,479	1,987,892	2,049,921	1,831,524	35,877,520	44,634,335

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4.4 Market risk

Market risk is defined as the risk of loss that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities of a financial institutions.
The Bank does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

4.4.1 Management of market risk

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

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

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings obtained at variable rates give rise to interest rate risk.
The exposure to the risk of changes in market interest rates relates primarily to the obligations and financial assets with floating interest rates. The Bank is also exposed on fixed rate financial assets and financial liabilities. The 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 2022	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and cash equivalents	14,981,107		14,981,107
Loans and advances to customers	38,935,902		38,935,902
Investment securities;			-
- Amortized cost-NBE Bills	365,729		365,729
- Fair value through other comprehensive income		279,253	279,253
Investment in associates		55,647	55,647
Other assets		1,578,565	1,578,565
Total	54,282,738	1,913,464	56,196,203
Liabilities			
Deposits from customers	49,758,078		49,758,078
Borrowings	139,106		139,106
Other liabilities		850,699	850,699
Total	49,897,184	850,699	50,747,883

30 June 2021	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and cash equivalents	7,425,127		7,425,127
Loans and advances to customers	34,218,303		34,218,303
Investment securities;			-
- Amortized cost-NBE Bills	6,671,432		6,671,432
- Fair value through other comprehensive income		185,996	185,996
Investment in associates		48,298	48,298
Other assets		888,899	888,899
Total	48,314,862	1,123,193	49,438,055
Liabilities			
Deposits from customers	43,537,890		43,537,890
Borrowings	321,089		321,089
Other liabilities		775,357	775,357
Total	43,858,979	775,357	44,634,336

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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 financial assets and financial liabilities held at 30 June 2022 and 30 June 2021. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

(ii) Foreign exchange risk

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

The Bank is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr. The 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 1710 million (30 June 2021: Birr 842 million).

Foreign currency denominated balances

	30 June 2022 Birr'000	30 June 2021 Birr'000
Cash and bank balances	74,237	133,290
Other assets	112,543	21,323
Deposits from customers	(1,896,166)	(995,865)
Other liabilities	(865)	(930)
	(1,710,250)	(842,182)

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:

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30 June 2022	Carrying amount Birr'000	10% increase in basis point Birr'000	10% decrease in basis point Birr'000
USD	(1,711,731)	(171,173)	171,173
Euro	(5,855)	(586)	586
GBP	4,085	408	(408)
Others	3,251	325	(325)
	(1,710,250)	(171,025)	171,025

30 June 2021	Carrying amount Birr'000	10% increase in basis point Birr'000	10% decrease in basis point Birr'000
USD	(840,350)	(84,035)	84,035
Euro	(10,504)	(1,050)	1,050
GBP	6,588	659	(659)
Others	2,084	208	(208)
	(842,182)	(84,218)	84,218

4.5 Capital management

The 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 2022 Birr'000	30 June 2021 Birr'000
Capital		
Share capital	4,824,476	4,260,514
Share premium	-	-
Legal reserve	1,994,564	1,659,903
Special reserve	2,300	2,100
	6,821,340	5,922,517
Risk Weighted Assets		
Risk weighted balance for on-balance sheet items	46,577,810	30,821,585
Credit equivalents for off-balance Sheet Items	3,086,668	1,438,468
	49,664,478	32,260,053
Risk-weighted Capital Adequacy Ratio (CAR)	**13.7%**	**18.4%**
Minimum required capital	**8%**	**8%**
Excess	2,848,181	3,341,713

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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 2022 Carrying amount Birr'000	Fair Value Birr'000	30 June 2021 Carrying amount Birr'000	Fair Value Birr'000
Financial Assets				
Cash and cash equivalents	14,981,107	14,981,107	7,425,127	7,425,127
Loans and advance to customers	38,935,902	38,935,902	34,218,303	34,218,303
Investment securities				
- Amortzed cost (NBE Bills)	365,729	365,729	6,671,432	6,671,432
- Fair value through other comprehensive income	279,253	279,253	185,996	185,996
Other assets	1,578,565	1,578,565	888,899	888,899
Total	53,917,009	53,917,009	41,643,430	41,643,430
Financial Liabilities				
Deposits from customers	49,758,078	49,758,078	43,537,890	43,537,890
Borrowings	139,106	139,106	321,089	321,089
Other liabilities	850,699	850,699	775,357	775,357
Total	50,747,883	50,747,883	44,634,336	44,634,336

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 2022 Birr'000	30 June 2021 Birr'000
5 Interest income calculated using the EIR method		
Cash and bank balances	205,910	182,935
Loans and advances to customers	5,560,164	4,786,249
Investment securities - loans and receivables	366,208	257,656
	6,132,281	5,226,840

Included within various line items under interest income for the year ended 30 June 2022 is a total of Birr 34 million (30 June 2021: Birr 42 million) relating to impaired financial assets.

	30 June 2022 Birr'000	30 June 2021 Birr'000
6 Interest expense		
Deposits	2,364,258	1,943,261
National Bank of Ethiopia Borrowing	126,472	55,869
Borrowing from other banks	10,800	12,227
	2,501,530	**2,011,358**

	30 June 2022 Birr'000	30 June 2021 Birr'000
		-
7 Interest expense: Lease liabilities	17,067	15,783
	17,067	**15,783**

	30 June 2022 Birr'000	30 June 2021 Birr'000
8 Net fees and commission income		
Fee and commission income		
Telegraphic transfer and drafts	66	142
Cash payment order	902	1,242
Letters of credit commission and fees	87,738	64,984
Letters of guarantee	100,956	31,889
Money transfer commission	1,401	1,279
Service charges	440,439	377,456
Other commissions	77,073	18,650
	708,575	**495,642**
Fee and commission expense		
Bank charges/commission	7,993	5,078
Correspondent fees	3,643	470
	11,636	**5,548**
Net fees and commission income	**696,939**	**490,094**

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9 Other operating income

	30 June 2022 Birr'000	30 June 2021 Birr'000
Gain on disposal of properties	836	1,067
Correspondent charges	1,000	849
Unused provision on legal cases	657	-
Estimation fee	-	35,790
Dividend income	25,204	11,229
Rent	80,609	21,909
Mark up on murabaha finance	29,174	9,868
Other income	17,977	14,221
	155,457	**94,933**

10 Loan impairment charge

	30 June 2022 Birr'000	30 June 2021 Birr'000
Loans and receivables - charge for the year (note 16)	266,542	217,082
	(430,985)	(266,542)
	(164,443)	**(49,461)**

11 Impairment losses on other assets

	30 June 2022 Birr'000	30 June 2021 Birr'000
Other assets - charge for the year (note 19)	20,642	7,300
Other assets - reversal of impairment losses (note 18)	(20,642)	(20,642)
	0	**(13,342)**

12 Personnel expenses

	30 June 2022 Birr'000	30 June 2021 Birr'000
Short term employee benefits:		
Salaries	1,274,448	912,060
Staff allowances	229,973	160,267
Other staff expenses	111,402	56,585
Pension costs:		
Defined contribution plan	142,014	101,336
Defined benefit plans (note 28)	9,894	7,735
	1,767,730	**1,237,983**

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	30 June 2022 Birr'000	30 June 2021 Birr'000
13 Other operating expenses		
Advertisement and publicity	34,236	23,383
Stationary and printing expenses	30,528	20,021
Phone, telegram and telex expenses	23,943	17,362
Repairs and maintenance	19,435	15,168
Insurance	12,416	10,451
Fuel and lubricants	14,068	10,657
Loss on foreign exchange	26,914	282,390
Audit fee	518	520
Legal and professional fees	3,357	8,834
Per diem and travel expenses	9,556	8,210
Loss on disposal of fixed asset	-	6
Transportation	8,987	7,082
Entertainment	5,954	22,224
Medical Support Family	207	
Gift	1,023	
Provision on legal Cases	-	711
Penality	278	10
Interest on lease payment	-	25
Meeting, workshop and seminars	1,238	1,824
General assembly meeting	1,253	310
Car and representation allowance	7,860	7,218
Swift expense	-	205
Cleaning supplies	4,731	4,327
License fee	38,041	28,637
ATM transactions and card personalization	28,593	20,474
Donation	19,126	20,000
Wages	2,333	2,798
Utility fees	4,676	3,840
Directors' monthly allowances	1,665	1,710
Other operating expenses	51,320	23,190
	352,256	**541,587**

	30 June 2022 Birr'000	30 June 2021 Birr'000
14 Company income and deferred tax		
14a Income tax		
Current income tax	394,622	410,547
Rental income tax due to Regional Govt. & city administrations	9,412	-
Deferred income tax/(credit) to profit or loss	20,120	(3,609)
Total charge to profit or loss	424,153	406,938
Tax (credit) on other comprehensive income	23,754	(6,833)
Total tax in statement of comprehensive income	447,908	400,106

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 the statutory income tax rate as follows:

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	30 June 2022 Birr'000	30 June 2021 Birr'000
Profit before tax	1,754,039	1,622,955
Add: Disallowed expenses		
Entertainment	5,954	22,224
Severance expense	2,143	4,710
Provision for loans and advances as per IFRS	164,180	45,186
Provision for legal case	-	711
Staff loan benefit	17,267	8,944
Provision on other asset	(0)	13,342
Penality	278	10
Foreign exchange revaluation loss	65,296	168,346
Accrued leave payable	55,091	27,459
Cash indemnity allowance	7,420	6,457
Donation	600	-
Medical Support for staff family	207	
Gift	1,023	
Hardship allowance	52,899	35,283
Sponsership	871	1,082
Cash prize and awadrs	633	660
Depreciation and impairment of right-of-use asset	276,241	236,865
Interest expense: Lease liabilities	17,067	15,783
Depreciation (PPE) for accounting purpose	143,741	82,349
Amortization for accounting purpose	7,895	4,459
Total disallowable expenses	**818,804**	**673,871**
Less: Allowed expenses		
Depreciation for tax purpose	210,913	95,941
Provision for loans and advances for tax NBE 80%	151,273	140,295
Unsused provision on legal cases	657	-
Interest income on foregin deposits	-	-
Dividend income taxed at source	25,204	11,229
Interest income taxed at source-Gov't Bond and Treasury Bills	366,208	257,656
Interest income taxed at source-Local Deposit	205,910	182,935
Rent expense	265,899	240,280
Excess provision on other asset reversed	-	-
Net income from rental operation	31,374	-
Total allowed expenses	**1,257,437**	**928,335**
Taxable profit	1,315,405	1,368,490
Current tax at 30%	394,622	410,547
Tax on foreign deposit at 5%	-	-
Deferred tax	20,120	(3,609)
Income tax expense/ (credit) recognised in profit or loss	**414,741**	**406,938**

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14c Current income tax liability

	30 June 2022 Birr'000	30 June 2021 Birr'000
Balance at the beginning of the year	410,547	246,560
Charge for the year:		
Income tax expense	394,622	410,547
Rental income tax due to Regional Govt. & City Administrations	9,412	-
Payment during the year	(410,547)	(246,560)
Balance at the end of the year	404,034	410,547

14d Deferred income tax

	30 June 2022 Birr'000	30 June 2021 Birr'000
The analysis of deferred tax (assets)/liabilities is as follows:		
Deferred tax liabilities	79,042	35,168
	79,042	35,168

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 2021 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2022 Birr'000
Property, plant and equipment	(31,183)	(20,762)	-	(51,945)
Post employment benefit obligation	11,779	643	1,381	13,802
Equity Securities	(15,764)	-	(25,135)	(40,899)
Total deferred tax assets/(liabilities)	(35,169)	(20,120)	(23,754)	(79,042)

14e Rental income tax

	Addis Ababa City	Oromia Regional Governmen	SNNP	Total
Income:				
Renatl Income	73,840	3,793	2,976	80,609
Expense:				
Depreciation	45,207	3,021	1,006	49,234
Profit (loss) before tax from rental operation	28,633	772	1,970	31,374
Rental income tax @ 30% due to Regional Govt and City Administrations	**8,590**	**232**	**591**	**9,412**

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15 Cash and bank balances

	30 June 2022 Birr'000	30 June 2021 Birr'000
Cash in hand	1,565,630	1,686,650
Deposit with local commercial banks	2,128,097	2,399,942
Deposit with foreign banks	38,938	69,780
Treasury Bills	5,640,365	
	9,373,030	4,156,372
Deposit with NBE	5,608,463	3,269,079
	14,981,493	7,425,451
Loss Allowance on Deposits	(385)	(325)
	14,981,107	7,425,127

Maturity analysis

	30 June 2022 Birr'000	30 June 2021 Birr'000
Current	10,839,776	5,199,796
Non-Current	4,141,331	2,225,331
	14,981,107	7,425,127

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 2022 Birr'000	30 June 2021 Birr'000
Balance as above	14,981,493	7,425,451
Cash reserve held with the National Bank of Ethiopia	(4,141,331)	(2,225,331)
	10,840,162	5,200,120

16 Loans and advances to customers

	30 June 2022 Birr'000	30 June 2021 Birr'000
Agriculture	241,394	186,990
Manufacturing	6,446,920	5,919,780
Domestic Trade and Service	6,517,161	6,072,472
Transport and communications	1,032,612	755,075
Hotel and tourism	4,293,517	4,232,510
Export	6,401,822	6,160,726
Import	4,653,350	3,912,069
Building and Construction	8,540,628	6,367,280
Mines, Power and Water	153,773	212,192
Personal loans	1,085,710	665,752
Gross amount	39,366,887	34,484,845
Less: Impairment allowance	(430,985)	(266,542)
	38,935,902	34,218,303

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17 Investment securities

	30 June 2022 Birr'000	30 June 2021 Birr'000
Available for sale:		
Equity Investments	279,253	185,996
	279,253	185,996
Loans and receivables:		
Ethiopian Government Bills		
	365,748	6,671,766
Loss allowance on Ethiopian Government Bills	(18)	(334)
	644,982	6,857,429

Maturity analysis	30 June 2022 Birr'000	30 June 2021 Birr'000
Current	5,898	1,711,221
Non-Current	359,850	4,960,545
	365,748	6,671,766

The Bank hold equity investments in Nib Insurance of 5% (30 June 2021: 5%), Agar Micro Finance S.C of 7% (30 June 2021: 8%,), Eth Switch S.C of 7% (30 June 2021: 5%), Genb Gebeya of 12% (S.C 30 June 2021: 12%) and Ethiopian Reinsurrance S.C 1% (30 June 2021: 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 142.46 million.

18 Investment in Associates

Name of entity	Place of Business/ country of incorporation	Percentage holding	Carrying amount 30 June 2022 Birr'000	Carrying amount 30 June 2021 Birr'000
Premier Switch Solution S.C.	Ethiopia	30.11%	59,351	50,764
Cumulative dividend collected in previous years			(2,466)	(2,007)
Dividend collected in current year			(1,238)	(459)
			55,647	**48,298**

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.

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18.1 Summarised financial information for Premium Switch Solutions S.C

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

a Summarised statement of financial position

	30 June 2022 Birr'000	30 June 2021 Birr'000
Premium Switch Solution S.C		
Current assets	144,733	126,622
Non-current assets	83,996	59,889
Current liabilities	(28,537)	(10,033)
Non-current liabilities	(6,147)	(11,357)
Net assets	194,045	165,121

b Summarised statement of comprehensive income

	30 June 2022 Birr'000	30 June 2021 Birr'000
Premium Switch Solution S.C		
Revenue	111,017	45,323
Interest income	8,514	8,849
Other Income	668	3,561
	120,199	57,733
Expenses	(90,662)	(54,710)
Net profit before tax	29,537	3,023
Tax	(435)	(1,054)
Profit after tax	29,102	1,969
Transfer to legal reserve	-	-
Net profit for the year	29,102	1,969

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

	30 June 2022 Birr'000	30 June 2021 Birr'000
Share of profit(loss) from associate	8,763	593
Share of other comprehensive income from associate	(176)	102
	8,587	**695**

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

	30 June 2022 Birr'000	30 June 2021 Birr'000
Opening net assets 1 July	168,597	166,290
Profit for the period	29,102	1,969
Other comprehensive income	(584)	338
Closing net assets	197,114	168,597
Bank's share in %	30.11%	30.11%
Bank's share in Birr	59,351	50,764
Dividened Collected		
Carrying amount on the Bank's financial statement	59,351	50,764

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19 Other assets

	30 June 2022 Birr'000	30 June 2021 Birr'000
Financial assets		
Receivable from other banks	499,386	318,469
Staff receivables	1,165	582
Mastercard receivables	29,878	17,575
Visa card receivables	60,188	34,475
Account interest receivables	311,887	27,001
Money transfer receivable	17,735	16,651
Other receivables	678,967	494,788
Gross amount	1,599,206	909,541
Less: Specific impairment allowance (note 18a)	(20,642)	(20,642)
	1,578,565	888,899
Non-financial assets		
Prepaid staff asset	254,129	185,483
Repossed collaterals	144,972	138,368
Prepayments	2,094	2,094
Advance payment for building projects	-	45,893
Withholding tax receivable	2,473	386
Inventory	70,781	55,523
	474,448	427,747
Net amount	**2,053,013**	**1,316,646**

Maturity analysis	30 June 2022 Birr'000	30 June 2021 Birr'000
Current	920,239	414,752
Non-Current	1,132,774	901,893
	2,053,013	**1,316,646**

19a Impairment allowance on other assets

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

	30 June 2022 Birr'000	30 June 2021 Birr'000
Balance at the beginning of the year	20,642	7,300
Balance at the end of the year	(20,642)	(20,642)
(Reversal)/charge for the year (note 10)	**0.00**	**(13,342)**

19b Inventory

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

	30 June 2022 Birr'000	30 June 2021 Birr'000
Stationery	16,461	13,852
Uniform	10,907	14,558
Token	149	149
Stamps	340	531
Signs	38	38
Stock of fuel coupons	2,118	2,022
Gold and silver coins	27	27
Cheque book	5,985	4,401
Other stock	34,755	19,943
	70,781	55,523

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		30 June 2022 Birr'000	30 June 2021 Birr'000
20	**Investment property**		
	Cost:		
	At the beginning of the year	24,385	24,378
	Acquisitions	-	-
	Reclassification	-	7
	At the end of the year	24,385	24,385
	Accumulated amortisation:		
	At the beginning of the year	1,898	1,434
	Charge for the year	479	464
	At the end of the year	2,378	1,898
	Net book value	22,007	22,487

20a Amounts recognised in profit or loss for investment properties

	30 June 2022 Birr'000	30 June 2021 Birr'000
Rental income (Note 9)	80,609	21,909
Direct operating expenses from property that generated rental income		
	80,609	21,909

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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 2022 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 2022 and 30 June 2021 respectively are as follows:

30 June 2022	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	22,007			53,299

30 June 2021	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	22,487			41,645

21 Intangible Assets

	Purchased software Birr'000	Total Birr'000
Cost:		
As at 1 July 2021	111,341	111,341
Acquisitions	58,207	**58,207**
As at 30 June 2022	**169,548**	**169,548**
Accumulated amortisation and impairment losses		
As at 1 July 2021	88,464	88,464
Amortisation for the year	7,893	7,893
Impairment losses	-	-
As at 30 June 2022	**96,357**	**96,357**
Net book value		
As at 30 June 2021	**22,877**	**22,877**
As at 30 June 2022	**73,191**	**73,191**

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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 2021	1,051,341	26,876	1,078,216
	Additions	399,124	(0)	399,124
	Disposals			-
	As at 30 June 2022	**1,450,465**	**26,876**	**1,477,341**
	Accumulated depreciation			
	As at 1 July 2021	436,084	1,136	437,219
	Charge for the year	275,676	564	276,241
	Adjustment	-		-
	As at 30 June 2022	**711,760**	**1,700**	**713,460**
	Net book value			
	As at 30 June 2021	**615,257**	**25,740**	**640,997**
	As at 30 June 2022	**738,705**	**25,176**	**763,881**

		Buildings Birr'000	Motor vehicles Birr'000	Furnitur 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 2021	170,321	208,529	402,875	287,643	3,031,592	4,100,961
	Additions	0	0	33,189	49,177	375,471	457,837
	Reclassification	3,069,426				(3,069,426)	-
	Disposals				(20)		(20)
	As at 30 June 2022	**3,239,747**	**208,529**	**436,065**	**336,800**	**337,637**	**4,558,778**
	Accumulated depreciation						
	As at 1 July 2021	13,464	90,506	204,510	145,467	-	453,948
	Charge for the year	60,074	15,782	37,200	30,195	-	143,251
	Disposals				(7)		(7)
	As at 30 June 2022	**73,539**	**106,288**	**241,710**	**175,655**		**597,191**
	Net book value						
	As at 30 June 2021	**156,857**	**118,023**	**198,365**	**142,176**	**3,031,592**	**3,647,013**
	As at 30 June 2022	**3,166,209**	**102,241**	**194,355**	**161,146**	**337,637**	**3,961,587**

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24 Deposits from customers

	30 June 2022 Birr'000	30 June 2021 Birr'000
Demand deposits	9,298,897	7,694,478
Saving deposits	22,845,410	20,787,130
Special saving deposit	8,436,730	8,463,516
Fixed term deposits	9,177,041	6,592,768
	49,758,078	43,537,890

25 Borrowings

	30 June 2022 Birr'000	30 June 2021 Birr'000
National Bank of Ethiopia	39,077	148,197
Development Bank of Ethiopia	100,029	172,892
	139,106	321,089

25a Reconciliation of bank borrowings

A reconciliation of the changes in borrowings is as follows:

	30 June 2022 Birr'000	30 June 2021 Birr'000
Balance at the beginning of the year	321,089	53,515
Proceeds from borrowings	10,937,800	337,801
Repayment of borrowings	(11,124,651)	(79,706)
Accretion of interest	4,868	9,479
Balance at the end of the year	139,106	321,089

26 Other liabilities

	30 June 2022 Birr'000	30 June 2021 Birr'000
Financial liabilities		
Margin held on letter of credit	160,418	233,838
Deposit for Guarantees Issued	2,445	3,756
Cash payment order payable	188,498	184,579
Exchange payable to NBE	76,131	41,242
Current accounts blocked	8,733	13,950
Staff accrued leave pay	162,357	107,267
Bonus accrured	145,464	104,624
Deposit account in Process Opening	5,087	-
Customers loan deposit accounts	57	573
Due to other banks	91,155	72,513
Telegraphic transfer payable	6,524	7,384
Money transfer payable	2,914	4,704
Loss allowance on loan commitment & financial guarantee	916	924
	850,699	775,356

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Non-financial liabilities		
Defined Contribution liabilities	9,158	5,454
Stamp Duty Payable	8,133	6,023
Other tax payable	48,304	38,014
Unearned Profit on IFBFinancing	56,625	60,774
Unearned Revenue-office rent	15,123	
Other payables	1,613,126	1,657,613
Dividend payable	80,069	65,058
Board of director's allowance	1,800	1,800
Allowance for Board of director's election nomination committee	-	-
	1,832,338	1,834,736
Gross amount	**2,683,037**	**2,610,092**

Maturity analysis	**30 June 2022 Birr'000**	**30 June 2021 Birr'000**
Current	2,511,031	2,487,951
Non-Current	172,006	122,141
	2,683,037	**2,610,092**

	30 June 2022 Birr'000	**30 June 2021 Birr'000**
27 Lease liabilities		
Lease liabilities: Office Space	254,569	218,988
Lease liabilities: Land	11,924	12,464
Gross amount	**266,493**	**231,452**
Maturity analysis		
Current	116,541	86,224
Non-Current	149,951	145,228
	266,493	**231,452**

	30 June 2022 Birr'000	**30 June 2021 Birr'000**
28 Retirement benefit obligations		
Defined benefits liabilities:		
– Severance pay (note 28a)	46,007	39,262
Liability in the statement of financial position	**46,007**	**39,262**
Income statement charge included in personnel expenses:		
– Severance pay (note 28a)	9,894	7,735
Total defined benefit expenses	**9,894**	**7,735**
Remeasurements for:		
– Severance pay (note 28a)	4,602	3,281
	4,602	**3,281**

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 2022 Birr'000	30 June 2021 Birr'000
A Liability recognised in the financial position	46,007	39,262

	30 June 2022 Birr'000	30 June 2021 Birr'000
B Amount recognised in the profit or loss		
Current service cost	3,346	2,772
Interest cost	6,548	4,963
	9,894	7,735
C Amount recognised in other comprehensive income:		
Remeasurement (gains)/losses arising from changes on economic assumptions	(4,269)	(2,048)
Remeasurement (gains)/losses arising from changes on experience	8,871	5,329
Tax credit /(charge)		-
	4,602	3,281

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

	30 June 2022 Birr'000	30 June 2021 Birr'000
At the beginning of the year	39,262	31,271
Current service cost	3,346	2,772
Interest cost	6,548	4,963
Remeasurement (gains)/ losses	4,602	3,281
Benefits paid	(7,751)	(3,025)
At the end of the year	46,006	39,262

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2022 Birr'000	30 June 2021 Birr'000
Discount Rate (p.a)	24.50%	15.60%
Long term salary increase(p.a)	19.30%	12.00%
Average Rate of Inflation (p.a)	17.30%	10.00%

ii) Mortality in Service

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

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

iii) Withdrawal from Service

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

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

	Impact on defined benefit obligation				
		30 June 2022		30 June 2021	
	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	1%	(4,113)	4,520	(3,778)	4,208

The expected contribution to post-employment benefit plan for the year ending 30th June 2023 is 62.6 million.

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

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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		30 June 2022 Birr'000	30 June 2021 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	4,824,476	4,260,514
	Share premium	-	-
	Total share capital and share premium	4,824,476	4,260,514

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 2021	8,521	4,260,514	-	4,260,514
Issued during the year	1,128	563,962	-	563,962
As at 30th June 2022	9,649	4,824,476	-	4,824,476

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 2022 Birr'000	30 June 2021 Birr'000
Profit attributable to shareholders	1,338,648	1,216,609
Weighted average number of ordinary shares in issue	9,176	7,883
Basic & diluted earnings per share (Birr)	146	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 2021:nill), hence the basic and diluted earning per share have the same value.

		30 June 2022 Birr'000	30 June 2021 Birr'000
31	**Retained earnings**		
	At the beginning of the year	763,141	733,383
	Profit/Loss for the year	1,338,648	1,216,609
	Transfer to regulatory risk reserve	(13,877)	(84,296)
	Transfer to legal reserve	(334,662)	(304,152)
	Transfer to special reserve	(100)	(100)
	Dividend paid	(763,141)	(733,383)
	Board of directors' remuneration	(1,800)	(1,800)
	Allowance for Board of director's election nomination committee	-	-
	Other	(92,394)	(63,121)
	At the end of the year	**895,815**	**763,141**

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32 Legal reserve

	30 June 2022 Birr'000	30 June 2021 Birr'000
At the beginning of the year	1,659,903	1,355,752
Transfer from profit or loss	334,662	304,152
At the end of the year	**1,994,564**	**1,659,903**

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.

33 Special reserve

	30 June 2022 Birr'000	30 June 2021 Birr'000
At the beginning of the year	2,200	2,100
Transfer from profit or loss	100	100
At the end of the year	**2,300**	**2,200**

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.

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NOTES TO THE FINANCIAL STATMENTS

		Notes	30 June 2022 Birr'000	30 June 2021 Birr'000
34	**Cash generated from operating activities**			
	Profit before income tax		1,762,801	1,623,548
	Adjustments for non-cash items:			
	Depreciation of right-of-use asset	22	276,241	236,865
	Depreciation of property, plant and equipment	23	143,731	82,349
	Amortisation of intangible assets	21	7,893	4,459
	(Gain)/Loss on disposal of property, plant and equipment	23	(836)	(1,061)
	Impairment on loans and receivables	16	164,180	45,186
	Impairment on other assets	10	(0)	13,342
	Net interest income		(3,613,685)	(3,199,699)
	Profit Eqalization reserve and Investment risk reserve		1,321	
	Retirement benefit obligations	28	9,894	7,735
	Changes in working capital:			
	-Decrease/ (Increase) in loans and advances to customers	16	(4,882,042)	(8,696,306)
	-Decrease/ (Increase) in restricted deposits	15	(1,916,000)	(581,000)
	-Decrease/ (Increase) in other assets	19	(828,761)	(67,846)
	-Increase/ (Decrease) in other liabilities	26	72,953	208,589
			(8,802,310)	(10,323,840)

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

	30 June 2022 Birr'000	30 June 2021 Birr'000
Proceeds on disposal	(849)	(1,061)
Net book value of property, plant and equipment disposed (Note 23)	-	-
Gain/(loss) on sale of property, plant and equipment	(849)	(1,061)

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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:

	30 June 2022 Birr'000	30 June 2021 Birr'000
a *Transactions with related parties*		
Loans and advances to key management	38,034	60,860
	38,034	60,860

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 2022.

	30 June 2022 Birr'000	30 June 2021 Birr'000
Salaries and other short-term employee benefits	28,780	20,906
Post-employment benefits	3,741	2,718
Sitting allowance	1,396	1,294
	33,917	24,918

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 follows:

	30 June 2022 Birr'000	30 June 2021 Birr'000
Managerial and Supervisory	504	472
Professional	979	725
Clerical	2,530	2,514
Non-Clerical	3,565	3,671
	7,578	7,382

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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

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 2022 is Birr 100.01 million (30 June 2021: Birr 104.9 million). As of June 30, 2022, a provision of Birr 711 thousand has been held for these legal cases (June 30 2021: 1.4 million).

No. 4
Nib International Bank S.C.

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 2022 Birr'000	30 June 2021 Birr'000
Guarantees issued	2,840,336	2,696,162
Letters of credit	677,528	844,912
Memorandum on letters of credit	(416,549)	(406,887)
	3,101,315	3,134,187

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 2022 Birr'000	30 June 2021 Birr'000
Loan commitments	3,279,885	2,147,380
Purchase commitments	121,645	159,969
	3,401,530	2,307,349

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 2022 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

04

BRANCH ADDRESSES

NIB HALAL BRANCHES

S.N	Name	☏	📠
1	Nib Halal Mehal Merkato	+251-11- 273 55 92	+251-11- 273 49 76
2	Nur Mesjid	+251-11- 126 57 60	+251-11- 126 51 04
3	Nib Halal Amin	+251-11 - 273 66 42	+251-112 73 66 43
4	Nib Halal Aysha	+251-11- 369 54 10	+251-11- 369 56 11
5	Nib Halal Emana	+251-113-695832	+251-11-3395137
6	Nib Halal Kolfe Efoyta	+251-11 - 273 95 41	
7	Nib Halal Teqwa	+251-11- 369 76 34	+251-11- 369 71 45
8	Nib Halal Asella	+251-911- 03 29 11	
9	Nib Halal Gofa	+251-927- 05 50 49	
10	Nib Halal Shashemene	+251-46 – 211 28 10	+251-46 – 211 28 11
11	Nib Halal Aman	+251-46 – 556 18 00	+251-46 – 556 18 01
12	Nib Halal Bidara Gebeya	+251-46- 145 31 99	+251-46- 145 19 20
13	Nib Halal Gubre Bilal	+251-913 -10 85 56	
14	Nib Halal Hakika	+251-46 – 771 07 74	+251-46 - 771 08 70
15	Nib Halal Rebi	+251-11 - 365 85 89	+251-11 - 365 93 09
16	Nib Halal Kezira	+251-25 - 411-33-72	+251-25 – 411 33 71
17	Nib Halal Bilal	+251-113-69 38 62	+251-113-69 36 02
18	Nib Halal Autobus Tera	+251-112-73 48 66	+251-112-73 47 80
19	Nib Halal B/Dar Ramadan	+251-583-20 97 94	

NORTH EAST ADDIS ABABA DISTRICT

S.N	Name	☎	🖷
	North East Addis Ababa District Office	+251-11 - 661 10 01	+251-11 - 615 86 70
1	Adwa Bridge	+251-11- 557 96 78	+251-11- 557 85 79
2	Africa Avenue	+251-11- 661 10 05	+251-11- 661 09 97
3	Athlete Derartu Tulu	+251-11- 668 70 56	+251-11 - 668 70 58
4	Atse Zerayakob	+251-11- 637 61 55/56	+251-11- 637 61 57
5	Aware	+251-11- 557 82 78	+251-11- 557 98 70
6	Awraris Akababi	+251-11- 813 42 37	
7	Ayat Adebabay	+251-11- 639 05 40	+251-11- 639 05 37
8	Ayat 72	+251-11- 813 21 74	
9	Ayat Arabssa	+251-11- 813 42 03	
10	Ayat Mall	+251-11- 639 07 85	+251-11- 639 15 46
11	Ayat Tafo	+251-911- 15 43 70	
12	Beshale	+251-11- 667 73 99	+251-11- 667 73 35
13	Bole 24	+251-11 - 6 67 46 99	+251-11- 667 46 40
14	Bole Arabssa	+251-11- 612 55 14	+251-11- 612 56 22
15	Bole Atlas	+251-11- 689 20 49	+251-11- 689 20 58
16	Bole Bulubula Mariam Mazoria	+251-11- 471 48 14	+251-11- 471 49 31
17	Bole Brass	+251-11-641 50 19	+251-11-664 29 72
18	Bole Chefe	+251-11- 667 11 91	+251-11- 667 19 50
19	Bole Eniredada	+251-11- 662 53 47	+251-11- 662 53 49
20	Bole Medhanialem	+251-11- 662 23 22	+251-11-662 23 21
21	Bole Jafar Mesjid	+251-116392967	-
22	Bole Millennium	+251-11- 635 81 47	+251-11- 635 81 03
23	Bole Rwanda	+251-11- 614 67 99	+251-11- 614 65 79
24	Bole Shalla	+251-11- 635 80 18	+251-11- 635 81 18
25	Bole Stadium	+251-11- 635 81 12	+251-11- 689 20 58
26	Bole	+251-11 - 663 38 13	+251-11 - 663 33 34
27	CMC	+251-11- 667 08 11	+251-11-667 07 42
28	Debre Birhan	+251-11- 681 27 01	+251-11-681 23 83
29	Gerji	+251-11- 639 45 42	+251-11- 639 50 73
30	Gerji Giorgis	+251-11- 639 45 34	+251-11- 639 56 44
31	Gerji Meberat Hail	+251-11- 667 61 49	+251-11- 667 61 23
32	Goro	+251-11- 666 37 69	+251-11- 666 16 47
33	Gurd Shola	+251-116- 47 92 72	+251-11- 647 40 67
34	Haya Hulet Mazoria	+251-11- 644 78 58	+251-11- 664 99 18
35	Hayat 49 Mazoria	+251-11- 639 13 33	+251-11- 639 13 35
36	Hayat Mall	+251-11- 639 0 785	+251-11- 639 15 46
37	ILRI	+251-11- 647 16 83	+251-11- 667 74 53
38	Imperial	+251-11- 667 48 22	+251-11- 667 46 50

S.N	Name	☏	🖷
39	Imperial Sport Academy	+251-11- 667 48 22	+251-11- 667 46 50
40	Jacros Beshale	+251-11 - 66 14 94	+251-11 - 666 13 71
41	Jacros	+251-11 - 667 76 50	+251-11 - 667 74 66
42	Jacros Yere	+251-11- 667 02 92	+251-11- 667 08 23
43	Jan Meda	+251-11- 126 19 06	+251-11- 126 09 86
44	Kara	+251-11- 665 88 47	+251-11- 666 44 30
45	Kara Alo	+251-11- 668 19 09	+251-11- 668 18 53
46	Karamara	+251-11- 635 44 46	+251-11- 635 44 49
47	Kombolcha	+251-33- 351 75 26	+251-33- 351 11 42
48	Kotebe	+251-11 - 645 12 94	+251-11- 645 13 07
49	Kotebe 02 Mazoria	+251-11- 673 39 02/03	+251-11- 673 39 01
50	Kotebe Gebeya	+251-11- 668 02 91	+251-11- 668 04 06
51	Lamberet	+251-11- 667 53 57	+251-11- 667 53 11
52	Lem Megenagna	+251-11- 659 04 46	+251-11- 659 19 86
53	Megenagna	+251-11- 667 38 23	+251-11- 667 38 26
54	Megenagan Gurd Sholla	+251-11- 666 10 96	+251-11- 668 35 17
55	Mehal Summit	+251-11- 667 96 76	+251-11- 667 95 98
56	Meri Luque	+251-11- 668 01 64	+251-11- 668 01 03
57	Moenco	+251-11- 668 72 27	+251-11- 668 64 96
58	Sealite Mehiret	+251-11- 667 64 35	+251-11- 667 62 74
59	Shalla Area	+251-11- 635 80 94	+251-11- 635 81 33
60	Sheno	+251-911- 63 27 50	
61	Shewa Robit	+251-33 – 664 10 53	+251-33 – 664 01 79
62	Sholla	+251-11- 662 26 94	+251-11- 662 16 71
63	Sholla Gebeya	+251-11 - 639 07 06	+251-11 - 659 17 82
64	Summit	+251-118-35 28 94	+251-11- 668 34 68
65	Summit CMC Adebabay	+251-11- 668 04 12	+251-11- 668 12 12
66	Summit Figa	+251-11- 668 18 39	+251-11- 668 10 34
67	Summit Goro	+251-11- 668 17 82	+251-11- 668 02 26
68	Tele Medhanialem	+251-11- 667 17 72	+251-11- 667 17 75
69	Wossen	+251-11- 668 13 10	+251-11- 668 02 68
70	Wolosefer Adebabay	+251-11-5577422	-
71	Wuha Limat	+251-11- 636 22 67	+251-11- 363 22 68
72	Yeka	+251-11- 668 72 93	+251-11- 668 66 15
73	Yeka Abado	+251-11- 888 02 94	
74	Yerer Ber	+251-11- 647 95 01	+251-11- 647 95 11
75	Yerer Goro	+251-11- 667 78 36	+251-11- 667 77 90
76	22 Megenagna	+251-913 46 69 89	-

CENTRAL ADDIS ABABA DISTRICT

S.N	Name	☎	🖷
	Central Addis Ababa District Office	+251-11 – 231 80 75/19	+251-11 - 273 36 55
1	Aba Koran	+251-11-126 60 52	+251-11-126 60 66
2	Abinet	+251-11-277 00 73	+251-11-277 94 91
3	Abinet Adebabay	+251-11- 229 90 37	+251-11- 229 9082
4	Abune Petros	+251-11-126 78 58	+251-11- 126 77 03
5	Adarash	+251-11- 275 85 75	+251-11- 277 02 20
6	Addis Ketema	+251-11- 277 39 41	+251-11- 277 39 44
7	Addisu Michael	+251-11- 273 69 73	+251-11- 273 69 91
8	Amist Killo	+251-11- 154 16 28	+251-11- 154 10 77
9	Arada	+251-11- 157 41 86	+251-11- 157 41 87
10	Arat Killo Premium	+251-11- 126 48 33	+251-11-126 49 42
11	Asfaw Wossen	+251-11- 273 54 69	+251-11- 273 55 49
12	Atiklet Tera	+251-11- 226 79 62	+251-11- 226 79 64
13	Balcha Abanefiso	+251-11- 554 80 05	+251-11 -554 80 04
14	Bekilo Bet	+251-11- 470 39 83	+251-11- 470 68 21
15	Berbere Tera	+251-11- 273 30 72	+251-11- 273 29 67
16	Cathedral	+251-11 -156 96 73	+251-11 -156 96 74
17	Gulele	+251-11 - 273 78 21	+251-11 - 273 70 11
18	Cinema Ras	+251-11- 273 30 57	+251-11- 273 35 42
19	Churchill	+251-11- 533 60 67	+251-11 - 533 60 65
20	D'Afrique	+251-11- 515 03 15	+251-11- 515 04 56
21	Dubai Tera	+251-11 - 273 32 29	+251-11 - 273 34 19
22	Ferensay Legasion	+251-11- 154 85 44	+251-11-154 85 89
23	Flamingo	+251-11 - 557 93 25	+251-11 - 557 93 24
24	Gojjam Berenda	+251-912 - 93 52 50	
25	Golla	+251-11- 533 61 87	+251-11 - 533 61 89
26	Habte Giorgis	+251-11 -156 49 76	+251-11- 156 49 88
27	Kazanchis	+251-11- 558 63 99	+251-11- 558 52 65
28	Kirkos	+251-11- 470 31 91	+251-11- 470 32 39
29	Main	+251-11 -551 76 02	+251-11- 551 75 69
30	Mamokacha	+251-11- 552 01 60	+251-11 -552 01 62
31	Mehal Merkato	+251-11 -278 53 35	+251-11- 278 53 38
32	Merkato Dubai Tera	+251-940- 42 13 09	
33	Merkato Halal Atobs Tera	+251-11- 273 48 66	+251-11- 273 47 80
34	Merkato Mirab	+251-11- 273 23 53	+251-11- 273 22 95
35	Merkato Shera Tera	+251-11- 273 55 14	+251-11- 273 53 46
36	Meskel Flower	+251-11- 470 07 35	+251-11- 470 07 54
37	Mexico	+251-11- 531 12 48/49	+251-11- 531 10 98

S.N	Name	☎	🖷
38	Military Tera	+251-11- 273 36 18	+251-11- 273 36 74
39	Mismar Tera	+251-922- 22 01 55	
40	Nib Premium	+251-911- 13 50 83	
41	Nib Halal Mehal Merkato	+251-11- 273 55 92	+251-11- 273 49 76
42	Nur Mesgid	+251-11- 126 57 60	+251-11- 126 51 04
43	Olympia	+251-11- 557 22 17	
44	Peacock	+251-11- 557 22 01	+251-11- 557 22 36
45	Raguel	+251-11- 213 94 00	+251-11- 278 91 00
46	Ras	+251-11- 554 03 48	+251-11- 553 68 20
47	Sebara Babur	+251-11- 126 79 51	+251-11- 126 72 31
48	Senga Tera	+251-11- 557 54 27	+251-11- 557 54 28
49	Shera Tera	+251-11- 273 55 14	+251-11- 273 53 46
50	Sidamo Tera	+251-11- 273 36 83	+251-11- 273 28 43
51	Tana	+251-11- 276 53 51	+251-11 - 276 53 50
52	Tatari	+251-11 - 278 12 86	+251-11 - 213 00 82
53	Teklehaimanot	+251-11- 277 92 99	+251-11 - 277 26 06
54	Temenja Yaze	+251-11- 470 41 24	+251-11- 470 42 23
55	Tewodros Adebaby	+251-11- 111 86 43	+251-11- 111 08 20
56	Tigat	+251-11 -585 52 56	+251-11 - 558 52 33
57	Tikur Anbessa	+251-11- 171 91 51	+251-11- 171 90 30
58	Tiret	+251-11- 273 39 24	+251-11- 213 29 88
59	Urael	+251-11- 557 72 39	+251-11- 557 71 79
60	Wollo Sefer	+251-11- 552 92 53	+251-11- 552 98 56
61	Yekake Werdwot	+251-11- 273 30 92	+251-11- 273 28 67

NORTH WEST ADDIS ABABA DISTRICT

S.N	Name	☎	🖷
	North West Addis Ababa District Office	+251-11– 383 60 89/63 48	+251-11 - 383 60 83
	Abdi Nono	+251-11 - 232 00 26	+251-11 - 232 0121
2	Addisu Gebeya	+251-11 -127 02 40	+251-11- 127 01 25
3	Alem Bank	+251-11-369 45 17	+251-11-369 45 13
4	Alem Bank Tropical	+251-11- 369 44 20	+251-11- 369 44 30
5	Alem Gena	+251-11- 387 05 53	+251-11- 387 04 08
6	Alert	+251-11 - 369 70 16	+251-11 - 369 66 94
7	Ambo	+251-11- 236 02 10	+251-11- 236 14 46
8	Anfo	+251-11- 369 68 84	+251-11- 369 75 69
9	Arada Giorgis	+251-11- 126 78 02	+251-11- 126 72 85
10	Ashewa Meda	+251-11- 260 12 53	+251-11-260 17 75
11	Asko	+251-11 -273 04 03	+251-11 - 273 04 15
12	Ayer Tena	+251-11- 369 34 10	+251-11- 369 34 18
13	Bethel	+251-11-369 64 45	+251-11- 369 64 04
14	Bethel Rome Sefer	+251-11- 369 66 93	+251-11- 369 73 49
15	Billal	+251-11- 369 38 62	+251-11- 369 36 02
16	Buie	+251-46 - 883 05 18	+251-46 – 883 05 56
17	Burayu	+251-11- 262 51 73	+251-11- 262 51 70
18	Chilot	+251-11- 126 46 78	+251-11- 126 59 42
19	Dar Mar	+251-11- 557 79 53	+251-11- 557 91 28
20	Ehil Berenda	+251-11 -275 87 22	+251-11- 275 87 20
21	Enkulal Fabrica	+251-11- 273 62 48	+251-11- 273 66 48
22	Fiche	+251-11 -160 99 92	+251-11- 160 99 95
23	Furi	+251-11- 367 91 21	+251-11-367 91 31
24	Furi Adebabay	+251-11 - 380 2175	+251-11- 380 21 75
25	Gerba Guracha	+251-11- 131 17 50	+251-11 –131 17 15
26	Geja Sefer	+251-11- 557 97 51	+251-11- 557 78 45
28	Girar	+251-922- 96 01 49	
29	Holeta	+251-11- 261 09 81	+251-11- 261 03 35
30	Kara Kore	+251-11- 369 38 92	+251-11- 369 36 23
31	Kechene	+251-11 - 126 46 78	+251-11 - 126 59 42
32	Kella	+251-46- 464 02 60	+251-46 - 464 05 41
33	Kolfe	+251-11- 273 80 55	+251-11- 273 80 59
34	Kolfe Atena Tera	+251-11- 273 92 80	+251-11- 273 97 90
35	Kolfe Efoyta	+251-11- 279 93 86	+251-11-279 52 72
36	Kolfe Feteno Derash	+251-11- 273 92 27	+251-11- 273 98 86
37	Kolfe Taiwan	+251-11- 273 96 01	+251-11- 273 94 85
38	Lideta	+251-11- 557 81 37	+251-11- 557 91 13

S.N	Name	☎	🖷
39	Lomi Meda	+251-11- 273 99 10	+251-11- 273 99 46
40	Markos Sub Branch	+251-910- 63 78 16	
41	Nib Halal Amin	+251-11 - 273 66 42	+251-112 73 66 43
42	Nib Halal Aysha	+251-11- 369 54 10	+251-11- 369 56 11
43	Nib Halal Emana	+251-937- 89 54 52	
44	Nib Halal Kolfe Efoyta	+251-11 - 273 95 41	
45	Nib Halal Teqwa	+251-11- 369 76 34	+251-11- 369 71 45
46	Rufael	+251-11-259 19 32	+251-11-259 20 75
47	Sebeta	+251-11- 338 02 22	+251-11- 338 02 08
48	Sefere Selam	+251-11-213 91 89	+251-11-278 15 89
49	Sheger Menafesha	+251-11- 126 49 51	+251-11- 126 52 67
50	Shero Meda	+251-11-1545003	-
51	Sidist Killo	+251-11- 126 18 57	+251-11- 126 17 40
52	Stadium	+251-11- 531 92 02	+251-11- 531 92 54
53	Sululta	+251-11- 161 74 87	+251-11- 161 77 68
54	Tiya Bitwoded Bahiru	+251-46- 264 02 38	+251-46- 264 01 82
55	Torhailoch	+251-11- 337 71 57	+251-11-320 43 55
56	Tulu Bolo	+251-11 - 342 14 17	+251-11- 342 11 15
57	Tulu Jemo	+251-11- 260 12 53	+251-11 - 260 17 75
58	Wechecha	+251-11- 367 92 46	+251-11- 367 92 28
59	Woliso	+251-11- 341 34 42	+251-11-341 32 80
60	Zeneb Work Adebabay	+-11- 369 98 49	+251-11- 369 88 87

SOUTH EAST ADDIS ABABA DISTRICT

S.N	Name	☎	🖷
	South East Addis Ababa District Office	+251-11 - 462 20 32	+251-11 - 466 46 86
1	Ada Bishoftu	+251-11- 430 19 61	+251-11- 430 75 38
2	Adama	+251-22 - 112 48 44	+251-22- 112 51 88
3	Adama Boset	+251-22- 212-41-59	+251-22- 212 41 59
4	Adama Menharia	+251-22- 211 27 29	+251-22- 211 22 56
5	Akaki Gebeya	+251-11- 471 51 85	+251-11- 471 51 84
6	Akaki Total	+251-11- 471 59 92	+251-11- 471 69 35
7	Arerti	+251-22- 223 07 10	+251-22- 223 06 13
8	Assela	+251-22-238 0015	+251-22-238 00 24
9	Bekoji	+251-22- 332 14 43	+251-22- 332 14 93
10	Berecha	+251-22- 211 23 06	+251-22- 211 46 33
11	Bishoftu	+251-11 -433 75 27	+251-11- 433 04 20
12	Bishoftu Michael	+251-11-4 30 18 01	+251-11-430 81 28
13	Bisrate Gebriel	+251-11 -320 35 34	+251-11- 320 35 50
14	Bole Bulbula	+251-11 - 471 40 43	+251-11 - 471 48 64
15	Bole Bulbula 93 Mazoria	+251-11 - 471 49 23	+251-11- 471 86 64
16	Bole Michael	+251-11- 639 21 51	+251-11- 639 21 17
17	Bunna Board	+251-11- 470 09 11	+251-11 – 470 96 34
18	Chilalo	+251-922- 66 04 26	
19	Denbela	+251-22-211 77 01	+251-22 -211 77 02
20	Digelu	+251-949 - 81 35 63	
21	Dukem	+251-11- 432 06 52	+251-11- 432 06 53
22	Eteya	+251-22 – 335 09 32	+251-22 – 335 09 33
23	Gara Duba	+251-911 - 67 33 83	
24	Gelan Condominium	+251-11 - 455 01 79	+251-11 - 455 01 75
25	Ginb Gebeya	+251-22 – 212 35 02	+251-22- 212 40 31
26	Gofa Camp	+251-11- 470 48 37	+251-11- 470 60 97
27	Gofa Gebriel	+251-11- 470 13 41	+251-11- 470 22 36
28	Gofa Halal	+251-927- 05 50 49	
29	Gofa Mazoria	+251-11- 416 06 61	+251-11- 416 04 05
30	Gotera	+251-11- 466 46 34	+251-11- 466 46 89
31	Gotera Ibex	+251-11- 470 26 59	+251-11- 470 09 49
32	Gotera Pepsi	+251-11- 470 48 19	+251-11- 470 64 09
33	Hana Mariam	+251-11 - 471 11 64	+251-11- 471 11 63
34	Huruta	+251-22 - 334 11 51	+251-22 - 334 10 84
35	Jati Kality	+251-11- 471 60 24	
36	Jemo	+251-11- 471 35 47	+251-11- 471 37 88
37	Kality	+251-11 - 439 10 89	+251-11 - 439 53 26
38	Kality Meneharia	+251-11- 471 64 05	+251-11- 471 63 78

S.N	Name	☏	🖷
39	Kera Sarbet	+251-11- 369 22 34	+251-11- 369 09 52
34	Lafto	+251-11- 471 09 48	+251-11- 471 09 38
41	Lebu	+251-11- 471 29 56	+251-11- 896 36 34
42	Lebu Ertu	+251-11- 462 57 76	+251-11- 462 54 12
43	Lebu Muzika Sefer	+251-11- 471 39 75	+251-11- 471 39 74
44	Logiya	+251-33- 550 11 96	+251-33- 550 11 97
45	Mechare meda	+251-912- 75 23 78	
46	Mehal Arada Adama	+251-22 -111 85 55	+251-22- 111 85 52
47	Mehal Lafto	+251-11- 471 19 12	+251-11- 471 16 51
48	Mekanissa	+251-11 - 369 96 18	+251-11 - 369 89 66
49	Mekanisa Michael	+251-11- 369 89 72	+251-11- 369 85 63
50	Mekenisa Kore	+251-11-3854116	-
51	Modjo	+251-22- 236 00 13	+251-22- 236 00 30
52	Modjo Derek Wodeb	+251-90-4 72 59 08	-
53	Nefas Silk	+251-11 - 442 56 95	+251-11- 442 56 96
54	Nib Halal Asella	+251-911- 03 29 11	
55	Nib Halal Gofa	+251-927- 05 50 49	
56	Sagure	+251-22- 338 11 01	+251-22- 338 11 01
57	Salo Gora	+251-11-4 720439	+251-11-47204 40
58	Sarbet	+251-11- 383 20 30	+251-11- 383 20 49
59	Saris	+251-11- 470 77 72	+251-11- 470 77 73
60	Saris Abo	+251-11- 470 86 94	+251-11- 470 83 44
61	Saris Addisu Sefer	+251-11- 470 84 20	+251-11- 470 84 21
62	Saris Dama	+251-11- 470 81 63	+251-11- 470 81 79
63	Tulu Dimtu	+251-11- 462 73 63	+251-11- 462 73 64
64	Vatican	+251-11- 369 05 90	+251-11- 369 28 87
65	Welenchiti	+251-22 -113 00 60	+251-22- 113 31 20
66	Ziquala Bishoftu	+251-11- 430 23 94	+251-11- 430 67 75

HAWASSA DISTRICT

S.N	Name	☎	🖷
	Hawassa District Office	+251- 46 - 212 14 21	+251-46- 212 11 60
1	Adola Woyu	+251- 46 - 335 16 41	+251-46 - 335 17 43
2	Aleta Chuko	+251-46-2270906	-
3	Aleta Wendo	+251- 46- 227 10 33	+251-46- 224 10 06
4	Arsi Negele	+251- 46-116 26 70	+251-46- 116 25 59
5	Awasho	+251- 46- 211 96 52	+251-46- 211 69 62
6	Bale Robe	+251- 22- 665 04 84	+251-22- 665 00 89
7	Batu	+251- 46 - 841 02 20	+251-46- 441 09 33
8	Bore	+251- 904 - 72 59 08	
9	Buie	+251- 46 - 883 05 18	+251-46 - 883 05 56
10	Bule Hora	+251- 46 - 443 02 92	+251-46 - 443 11 04
11	Daye	+251-46-3370848	+251-46 -337 0889
12	Dilla	+251- 46 - 331 43 31	+251-46 - 331 39 25
13	Dilla Edget	+251- 46 - 331 01 13	+251-46 - 331 01 02
14	Gedeb	+251- 46 - 268 05 31	+251-46 - 268 06 04
15	Hasasa	+251- 22 - 363 12 26	+251-22 - 363 12 29
16	Hawassa	+251- 46 - 220 71 78	+251-46 - 220 71 81
17	Hawassa Alamura	+251- 46 - 212 87 42	+251-46 - 212 79 54
18	Hawassa Arab Sefer	+251- 46 - 212 38 26	+251-46 - 212 46 17
19	Hawassa Atote	+251- 46- 212 15 16	+251-46- 212 12 91
20	Hawassa Tabor	+251- 912- 70 09 74	
21	Hawassa Warka	+251- 46 - 212 00 12	+251-46 - 212 00 05
22	Meki	+251- 22- 118 00 13	+251-22 - 118 01 14
23	Moyale	+251- 912- 75 23 78	
24	Nib Halal Shashemene	+251- 46 – 211 28 10	+251-46 – 211 28 11
25	Shakiso	+251- 46 – 334 21 00	+251-46 -334 21 01
26	Shecha	251-46-1815238	+251-46 -181 7312
27	Tabor	+251- 46 – 212 48 60	+251-46 – 212 42 79
28	Oda Shashemene	+251- 46 - 211 00 35	+251-46 - 211- 00 44
29	Shashemene	+251- 46 - 110 26 23	+251-46 - 110 42 89
30	Shashemene Harufa	+251- 46 - 211 25 09	+251-46 - 211 16 75
31	Yabelo	+251- 46 - 446 15 30	+251-46 - 446 14 59
32	Yirga Alem	+251- 46 - 225 19 96	+251-46 - 225 10 84
33	Yirga chefe	+251- 46 - 332 05 43	+251-46 - 332 00 90

HOSSANA DISTRICT

S.N	Name	☎	🖷
	Hossana District	+251- 46 - 178 24 63	+251-46 -178 25 28
1	Agena	+251-11- 329 05 96	+251-11- 329 03 69
2	Angacha	+251- 46 - 340 04 34	+251-46 - 340 04 24
3	Arba Minch	+251- 46 - 881 20 12	+251-46 - 881 41 74
4	Areka	+251- 46- 552 15 25	+251-46- 552 15 26
5	Areket	+251- 11- 311 09 08	+251-11- 311 08 08
6	Bele	+251- 46 – 450 05 24	+251-46 – 450 05 25
7	Birbir	+251- 46 - 452 03 31	+251-46 - 452 03 74
8	Boditi	+251- 46- 559 09 25	+251-46- 559 09 30
9	Bombe	+251- 965 - 76 65 78	
10	Bonosha	+251- 46 – 453 08 07	+251-46 – 453 05 19
11	Butajira	+251- 46 -115 07 52	+251-46- 115 14 61
12	Dalocha	+251- 46 - 466 05 91	+251-46 - 466 04 88
13	Darge	+251- 11- 884 02 68	+251-11- 358 00 79
14	Damboya	+251- 46 - 245 03 14	+251-46 - 245 02 43
15	Doyogena	+251- 46- 244 04 13	+251-46- 244 04 89
16	Durame	+251- 46- 554 14 58	+251-46- 554 17 77
17	Emdibir	+251- 11- 331 03 80	+251-11- 331 03 17
18	Endegen	+251- 11 - 350 06 58	+251-11 - 350 07 02
19	Fonqo	+251- 46- 263 03 74	+251-46- 263 04 03
20	Gesuba	+251-46- 555 25 35	251-46 -555 4444
21	Gimbichu	+251- 46- 772 07 99	+251-46- 772 08 61
22	LTG. W/Silase Bereka (Gubre)	+251- 11 - 322 03 30	+251-11- 322 03 23
23	Gunchire	+251- 11- 332 05 75	+251-11-332 07 35
24	Hadero	+251- 46 - 432 01 00	+251-46 - 432 02 41
25	Halaba Kulito	+251- 46 - 556 15 55	+251-46 - 556 17 71
26	Hawariyat	+251- 11- 343 07 39	+251-11- 343 04 57
27	Homicho	+251- 46 - 251 06 47	+251-46 - 251 06 46
28	Hossana	+251- 46 - 555 03 71	+251-46 - 554 44 44
29	Hossana Arada	+251- 46 - 178 64 83	+251-46- 178 95 16
30	Hossana Batena	+251- 46 - 178 05 41	+251-46 - 178 05 43
31	Hossana Gebeya	+251- 46 - 178 98 02	+251-46 - 178 28 55
32	Hossana Gombora	+251- 46 - 178 58 96	+251-46 - 178 71 30
33	Hossana Menaharia	+251- 46 - 555 24 21	+251-46 - 555 29 73
34	Enseno	+251- 46- 558 04 11	+251-46- 558 04 11
35	Jinka	+251-46-7752413	+251-46 -775 2413
36	Kare (Butajira 4th)	+251- 461- 45 66 46	+251-461- 45 66 48
37	Kose	+251- 46 - 855 90 79	
38	Lera	+251- 46- 234 03 65	+251-46- 234 03 94
39	Mareko Kosie	+251- 46 - 465 06 71	+251-46 - 465 04 81
40	Mudulla	+251- 46- 235 07 01	+251-46- 235 04 63

S.N	Name		
41	Nib Halal Aman	+251- 46 – 556 18 00	+251-46 – 556 18 01
42	Nib Halal Bidara Gebeya	+251- 46- 145 31 99	+251-46- 145 19 20
43	Nib Halal Gubre Bilal	+251- 913 -10 85 56	
44	Nib Halal Hakika	+251- 46 – 771 07 74	+251-46 - 771 08 70
45	Nib Halal Rebi	+251- 11 - 365 85 89	+251-11 - 365 93 09
46	Qwante	+251- 46- 328 26 03	+251-46- 328 26 01
47	Sankura	+251- 46- 237 04 03	+251-46 - 237 04 66
48	Sawula	+251- 913 83 22 44	+251-46 -777 14 7170/70
49	Selam Ber	+251- 910- 70 22 22	
50	Shinshicho	+251- 46 - 339 06 70	+251-46- 339 08 11
51	Shone	+251- 46 - 553 06 12	+251-46- 553 06 14
52	Silte Mitto	+251- 46- 328 78 48	+251-46- 328 75 53
53	Tora	+251-46-2380706	+251-46 -238 0688
54	Werabe	+251- 46 - 771 05 44	+251-46 - 771 03 27
55	Werabe Duna	+251- 46 - 771 07 74	+251-46 – 771 08 70
56	Wolaita Sodo	+251- 46 - 180 00 20	+251-46 - 180 06 00
57	Wolaita Menaharia	+251- 916- 60 37 01	
58	Wolkite	+251- 11 - 330 25 41	+251-11 - 330 25 44
59	Wolkite University	+251- 11- 322 04 38	
60	Yejoka	+251- 11 - 365 80 31	+251-011- 365 65 80
61	Zebidar	+251- 46 - 115 05 43	+251-46 - 115 01 30

BAHIR DAR DISTRICT

S.N	Name		
	Bahir Dar District	+251- 911- 86 66 42	
1	Abay Mado	+251- 58 -320 47 35	+251-58 -320 09 78
2	Bahir Dar Adet Tera	+251- 58 -320 5719	+251-58 - 320 72 69
3	Adigrat	+251- 34- 245 08 57	+251-34- 245 08 83
4	Adi Haqi	+251- 34- 240 21 54	+251-34- 240 49 96
5	Axum	+251- 34- 275 05 90	+251-34- 275 16 31
6	Ayiteyef	+251- 33- 312 24 56	+251-33- 312 32 26
7	Bahir Dar	+251- 58 -226 62 42	+251-58 -226 62 44
8	Bahir Dar Gebeya	+251- 58 - 320 00 93	+251-58 320 00 98
9	Nib Halal B/Dar Ramadan	+251-583-20 97 94	+251-58 -320 97 94
10	Bahir Dar Tana	+251- 58 – 320 92 68	
11	Bichena	+251- 58 - 66-51-247	+251-58 – 665 12 49
12	Dangla	+251- 58 - 221 20 42	+251-58 - 221 21 53
13	Dessie	+251- 33 -112 51 10	+251-33 -112 51 09
14	Debre Markos	+251- 58 - 178 37 35	+251-58 - 178 24 25

S.N	Name	☎	🖷
15	Debre Markos Gebeya	+251- 58 - 178 85 21	+251-58 -178 15 62
16	Durbete	+251- 58 - 223 07 45	+251-58 – 223 06 29
17	Finote Selam	+251- 58 - 775 22 22	+251-58 - 775 21 07
18	Ghion	+251- 58 - 320 45 34	+251-58 -320 27 95
19	Gondar	+251- 58 - 112 18 91	+251-58 - 112 17 97
20	Gondar Maraki	+251- 58 - 211 50 61	+251-58 - 211 50 44
21	Hike	+251-33-2221303/04	+251-33-2221308
22	Humera	+251- 34 - 448 09 39	+251-34 - 448 04 25
23	Injibara	+251- 58 – 227 16 69	+251-58 – 227 17 48
24	Kombolcha	+251- 33 - 351 75 26	+251-33 - 351 11 42
25	Lakomelza	+251- 33 - 312 82 69	+251-33 - 312 25 09
26	Lalibela	+251- 33 - 336 14 28	+251-33 -336 14 42

DIRE DAWA DISTRICT

S.N	Name	☎	🖷
	Dire Dawa District	+251- 910- 58 68 37	
1	Afetesa	+251- 25 - 211 04 16	+251-25 - 211 03 40
2	Awash 7 Killo	+251- 22- 224 11 87	+251-22- 224 11 95
3	Awebere	+251- 25 -777 00 37	+251-25 -777 00 36
4	Awoday	+251- 25 - 662 01 54	+251-25 - 662 04 62
5	Bedesa	+251-25-5551137/38	+251-25 -555 1139
6	Dire Dawa	+251- 25 -111 93 43	+251-25 - 112 34 92
7	Harer	+251- 25 - 667 06 74	+251-25 - 667 10 76
8	Harar Ras	+251-25-4664207	+251-25- 466 4208
9	Hirna	+251-25-4412146/47	+251-25- 441 2148
10	Jijiga	+251- 25 - 278 00 76	+251-25 - 278 00 33
11	Jijiga Shebele	+251- 25- 278 43 60	+251-25- 278 83 56
12	Kezira Main	+251- 25- 211 55 19	+251-25 - 21142 49
13	Mideregenet	+251- 25 - 466 20 03	+251-25- 466 78 73
14	Nib Halal Kezira	+251- 25 - 411-33-72	+251-25 – 411 33 71
15	Togochale	+251- 25- 882 01 28	+251-25- 882 01 29

JIMMA DISTRICT

S.N	Name	☎	Fax
	Jimma District	+251- 911- 16 94 32	
1	Agaro Branch	+251-47-221-50-26	251-47- 221 04 60
2	Bedele	251-47-445-25-68	+251-47- 445 2566
3	Besheshi Sub Branch	251-47-211-43-22	251-47- 211 1160
4	Bonga	+251- 47- 331 25 26	+251-47- 331 18 50
5	Gambella	+251- 47- 551 03 09	+251-47- 551 07 9
6	Gimbi	+251- 57- 771 26 03	+251-57- 771 28 10
7	Jimma	+251- 47- 112 12 34	+251-47- 112 12 32
8	Jimma Aba Jifar	+251- 47- 211 85 15	+251-47- 211 71 65
9	Jimma Menharia	+251- 47- 211 09 43	+251-47- 211 36 09
10	Metu	+251-47-1412522	+251-47- 141 4722
11	Mizan Aman	+251- 47- 135 43 89	+251-47- 135 43 89
12	Nekemte	+251- 57- 661 32 11	+251-57-661 31 66
13	Tepi	+251- 47- 556 28 32	+251-47- 556-28-36


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