ንብ ኢንተርናሽናል ባንክ
Nib International Bank

ANNUAL
REPORT

2024/25

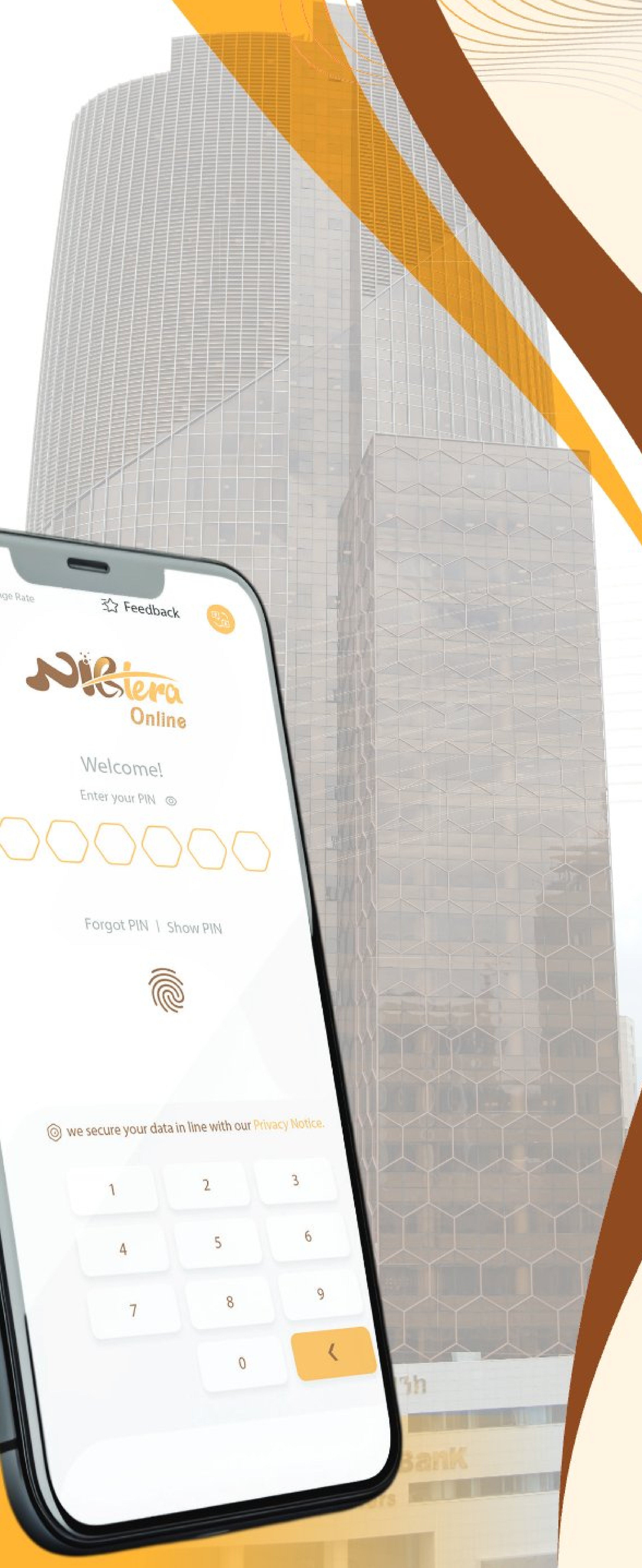
ይሠሯል ከልብ፣
እንደ ንብ !
Committed to Service Excellence !

ለግብይትዎ ንብ ተራን ይጠቀሙ!
NIBtera
Online
9698
24/7
www.nibbanksc.com
GET IT ON Google Play
Download on the App Store

Nib InternationalBank

ANNUAL REPORT

JULY 01, 2024 - JUNE 30, 2025



+251 11 550 3288
+251 11 550 3304

www.nibbanksc.com

NIB CORPORATE STATEMENTS

VISION

To be a Trusted Partner for Economic Empowerment

MISSION

To provide Customer Centric and Adaptive Banking Services through Enhanced Employees Engagement and Appropriate Technology to Maximize Stakeholders' Value

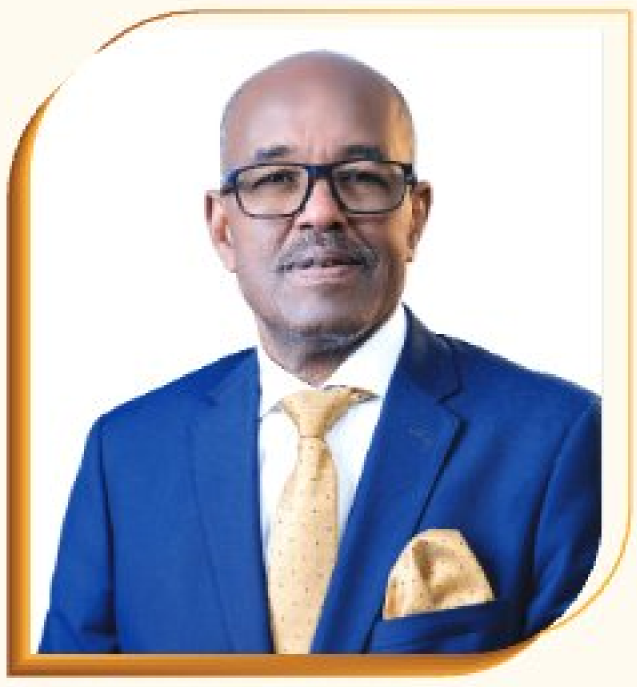
VALUES

- Customer Centricity
- Professionalism
- Value for Money
- Integrity
- Collaboration
- Diversity

TABLE OF CONTENTS

MESSAGE FROM THE BOARD CHAIRMAN 07
MESSAGE FROM THE CHIEF EXECUTIVE OFFICER 18
DIRECTORS' REPORT 25
SHARI'AH ADVISORY BOARD REPORT 49
AUDITORS' REPORT 69
Statement of Profit/ Loss & Other Comprehensive Income 76
Statement of Financial Position 77
Statement of Cash Flows 78
Statement of Changes in Equity 79
Notes to the Financial Statement 80

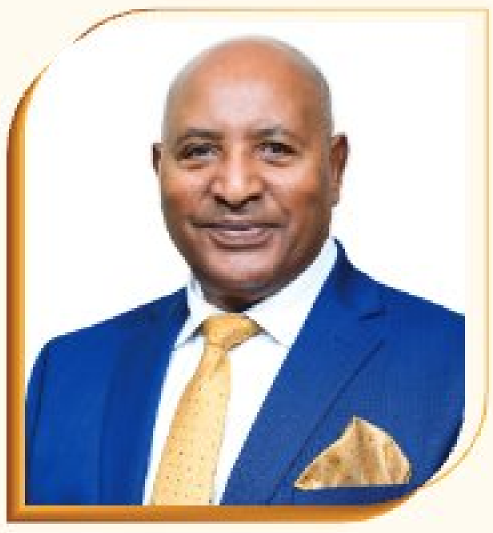
BOARD OF
DIRECTORS



SHISEMA SHEWANEKA
Chairman

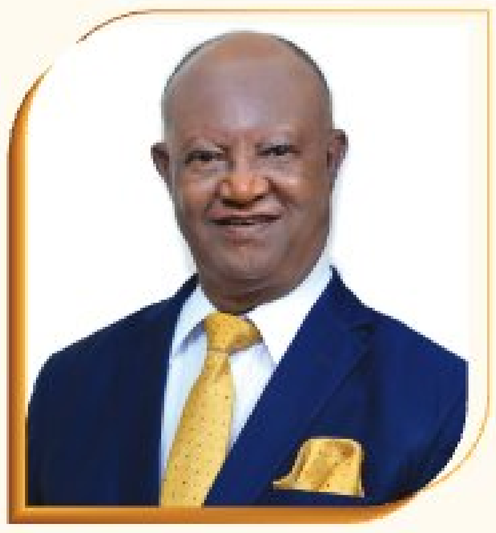
WONDIMU TEKLE (PhD)
Deputy Chairman

MEHARI MEKONNEN (PhD)
Director



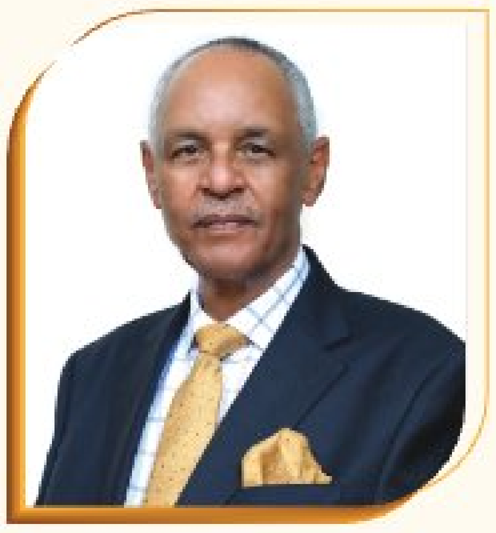
ABERA SHIRE
Director

SALAHADIN IBRAHIM
Director



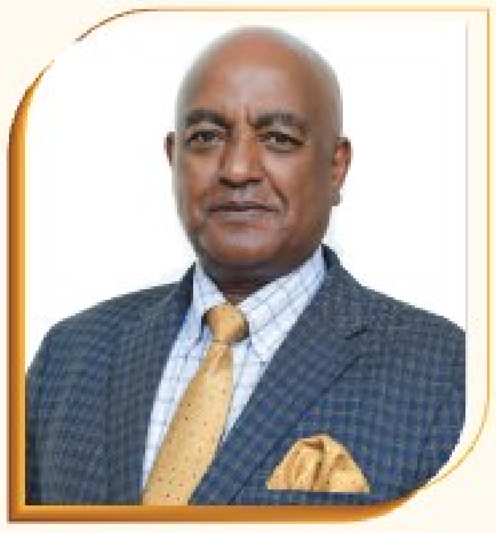
SEIFU AWASH
Director

GENET WELDIE
Director

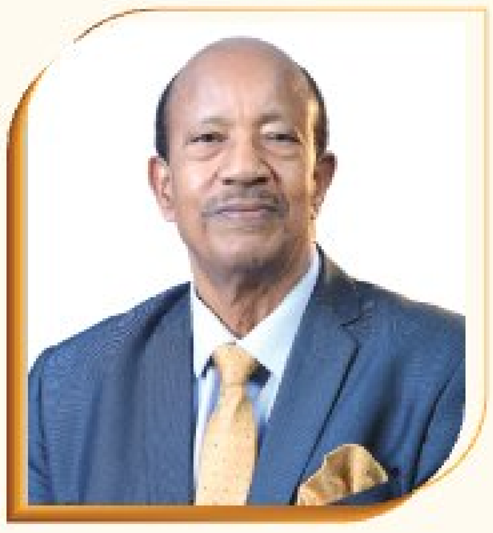


BENTI SIRANI
Director

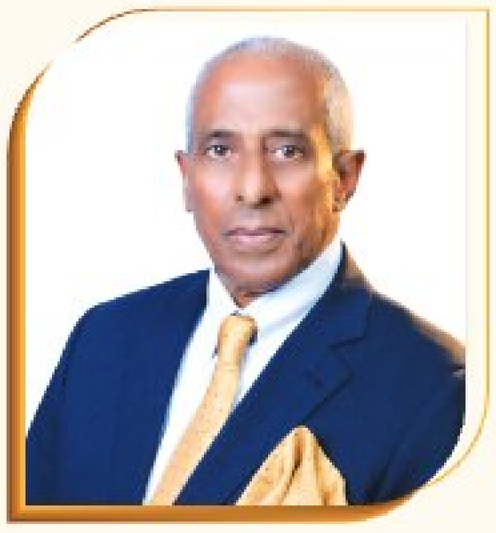
ZEWDIE SERBARO
Director



TAFFESSE YIRGA
Director



MAMUSHET AFEWORK
Director



ZENEBE BURKA
Director

OSMAN ALI
Company Secretary

MESSAGE FROM THE BOARD CHAIRMAN

Shisema Shewaneka
Chairman

Dear Esteemed Shareholders and Distinguished Guests,

On behalf of the Board of Directors of Nib International Bank S.C. and myself, it is my pleasure to warmly welcome you to our 26th Ordinary Annual General Meeting. As Chairman of the Board, I am honored to present the overview of our Bank's performances for the financial year ended June 30, 2025, a period that brought with it new opportunities and challenges.

During the financial year, the introduction of major macroeconomic reforms played key roles in stimulating the economy. These reforms created favorable conditions for growth, while also presenting market risks due to ongoing economic uncertainties. The liberalization of the foreign exchange market, the anticipated entry of foreign banks, increasing competition among local financial institutions, and the rise of non-bank financial service providers all added to the complexity of the business environment our Bank operates in.

Despite these external pressures, 2024/25 proved to be a stronger year for Nib International Bank compared to previous years in most KPIs. We made considerable progress in enhancing our liquidity management, resolving operational shortcomings, and improving governance practices. These efforts have positioned the Bank as a more resilient, competitive and technology-driven financial institution, aligned with the needs of our shareholders and customers.

We successfully addressed the liquidity challenges that the Bank had been struggling with for quite a few years, and we made significant strides toward meeting the regulatory requirements set by the National Bank of Ethiopia. Furthermore, our efforts in managing the credit risk have paid off and the non-performing loans ratio of the Bank was notably reduced.

In line with our commitments to innovation, we introduced new digital services including the NIBtera Super App, NIB QR, and Amber Pay among others, expanding our digital presence and improving our service delivery efficiency. These achievements were made possible through the dedication of our employees, the guidance of our board members and management, and the continued support of our valued shareholders. As a result, the Bank did manage not only to retain its existing customers but also to attract new customers, leading to an overall improvement in the Bank's deposit mobilization performance.

Throughout the year, the Board of Directors and the Executive Management of the Bank had meaningfully engaged with shareholders and other stakeholders to assess progress, communicate future directions and articulate expectations from the stakeholders in the process. On top of that we also undertook focused initiatives, including Customers' Week, to reconnect with our clients, restore trust, mobilize resources, and enhance the overall customer's experience.

While the support of our shareholders remains highly valued, I must express the Board's concern regarding the decline in the number

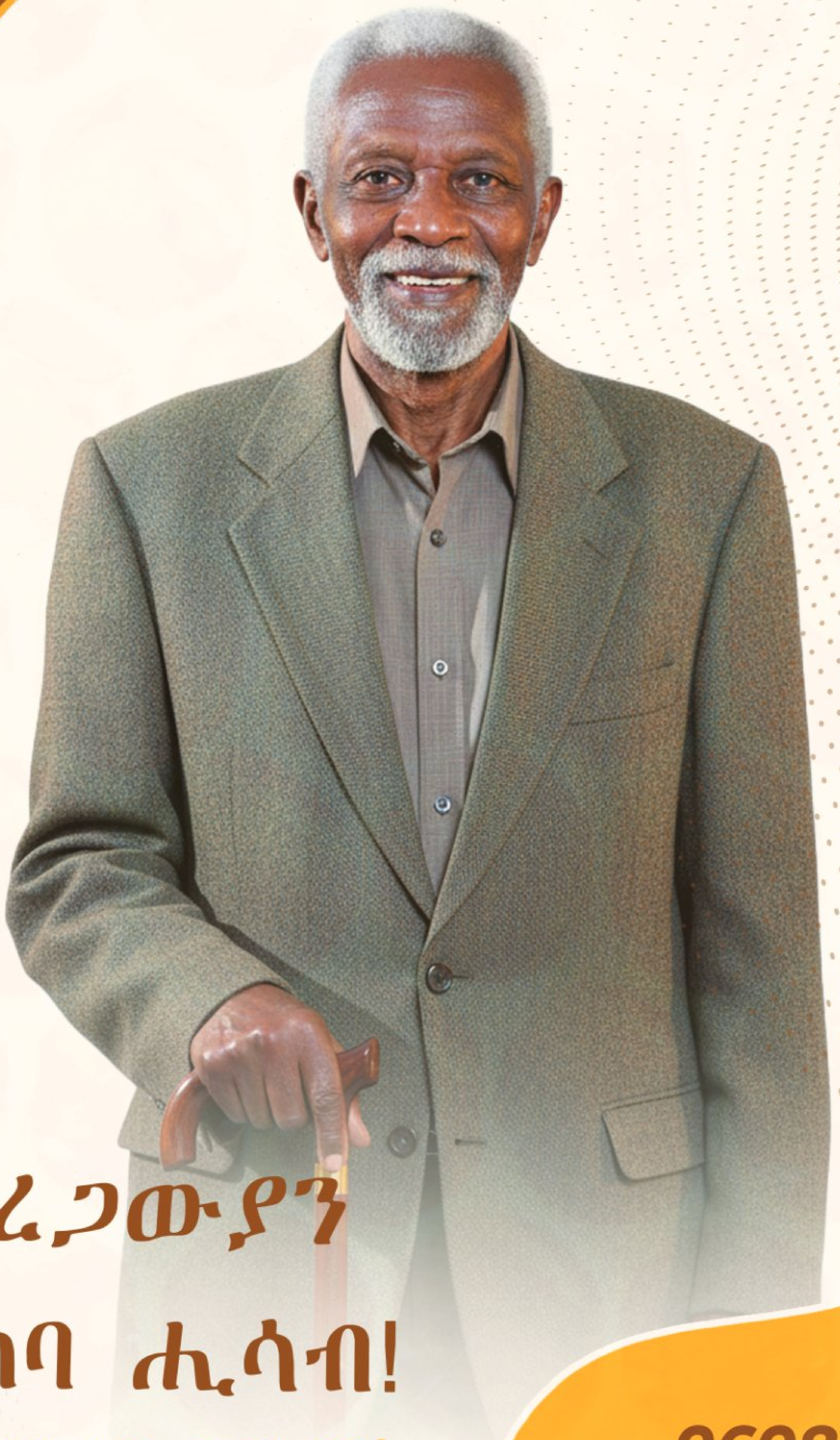
of shareholders who are doing business with their Bank regardless of multiple efforts made towards that. More critically, a significant portion of our non-performing loans stock continues to be linked to the prominent shareholders. This issue hindered the Bank's efforts to meet the non-performing loan (NPL) reduction targets and impacted on its ability to fully comply with the regulatory requirement set for the purpose.

Looking forward, the progress we've made would not have been possible without the trust of our customers, the strategic leadership of the Board of Directors, and the unwavering commitment of our management team and staff. As we enter a new fiscal year, our primary focus will be on accelerating digital transformation and investing in innovative technologies. We are determined to maintain our competitive edge, especially as foreign banks prepare to enter the banking sector and strengthen our continued compliance with internal and regulatory requirements. By continuing to build and expand our digital infrastructure, we aim to reduce operational costs and lessen our dependency on physical branches.

In conclusion, despite the ups and downs we encountered, I am proud to say that the 2024/25 fiscal year has been both successful and rewarding for Nib International Bank in most key performance indicators. We remain fully committed to the journey ahead and will continue working toward our goal of becoming a trusted financial partner for all.

Thank you for your attention and time

Shisema Shewaneka
Chairman
October 2025



የአረጋውያን
የቁጠባ ሒሳብ!

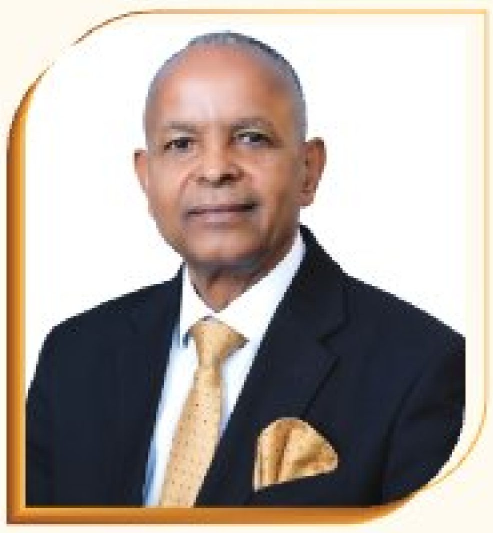
ለመጦሪያ ጊዜዎ!

በነጻ ይደውሉ **9698**

24/7

EXECUTIVE MANAGEMENT

HENOK KEBEDE
Chief Executive Officer



ASSEFA JEZA
Chief Facilities Officer

BELAY GORFU
Chief Strategy Officer

DAWIT TEFERRA
Chief Information Officer

GIRMA FEKEDE
Chief Wholesale Banking Officer

MULUKEN DEMESSIE
Chief Retail & SME Banking Officer

SAMSON AMIDSSA
Chief Finance Officer

DANIEL ERGOGO
Deputy Chief Credit Operations Officer

ERISTU KEMAL
Deputy Chief Interest Free Banking Officer

HARGEWEYIN AMSALE
Deputy Chief International Banking Officer

ZEWDU HAKIMU
Deputy Chief Human Capital Officer

TIGIST KEDIR
Executive Assistant to the CEO

SENIOR MANAGEMENT

TATEK NEGASSA
Deputy Chief Information Officer

MELESEW BIRHANU
Deputy Chief Digital Banking Officer

ASHENAFI SIDA
Senior Director Internal Audit

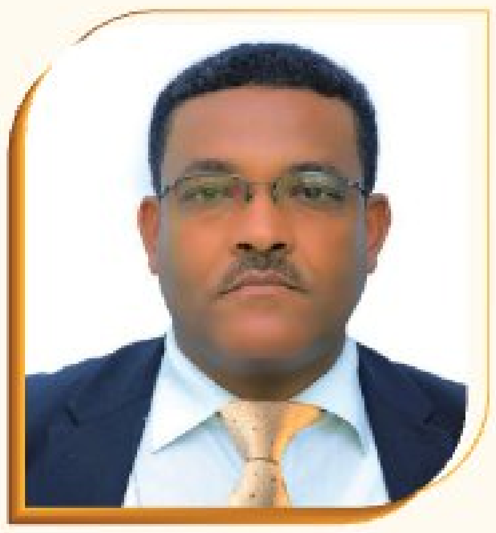
ENDALEW BAZEZEW
Senior Director Risk Management & Compliance

FISEHA TESFAYE
Senior Director Enterprise Program Management Officer

DISTRICT
DIRECTORS

ALEMAWORK ALEBACHEW
Director, Dessie District

CHALA TUJUBA
Director, Jimma District



DERIBEW MICHAEL
Director, Hossana District

GIZACHEW ABEBAW
Director, West A.A District

HEYERU ABDELLA
Director, Dire Dawa District

SEBLE LEMMA
Director, North A.A District

SHEGAW GETNET
Director, Hawassa District

TAMRAT MISGANAW
Director, East A.A District

TEFERA GETACHEW
Director, Bahir Dar District

TEWOLDE G/KIDAN
Acting Director, Mekele District

URGE DIRIBA
Director, Adama District

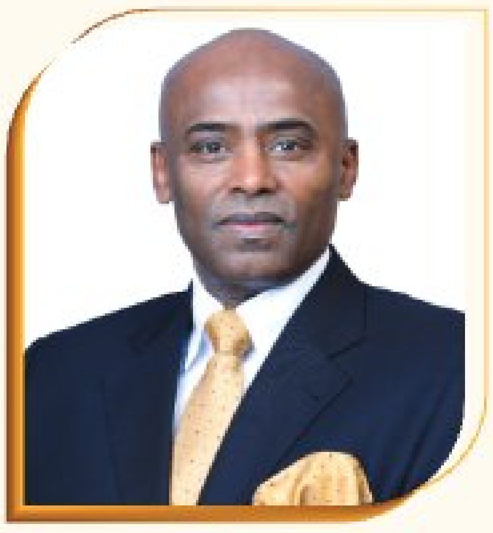
DEPARTMENT DIRECTORS

ABEL ATLABACHEW
Director, Manufacturing & Agricultural Sectors

ABREHAM BEYENE
Director, Institutional Banking & Green Financing

ANIMUT ADDIS
Director, IS Infrastructure

ASSEBE TIZAZU
Director, Legal Services



AYELE YITAYEW
Director, Customer Experience & Service Quality Management

BELAYNEH KIFLE
Director, Talent Acquisition & Management

BIRUK ZEGEJU
Director, Technical Programs

DANIEL BIRHANU
Director, Treasury

DEMISSEW ABERA
Director, Investment Management

ELIAS NEGASSI
Director, AI & Data Management

ELSABETH GIRMAY
Director, District Business Support

FISSEHA WUJIRA
Director, Reconciliation

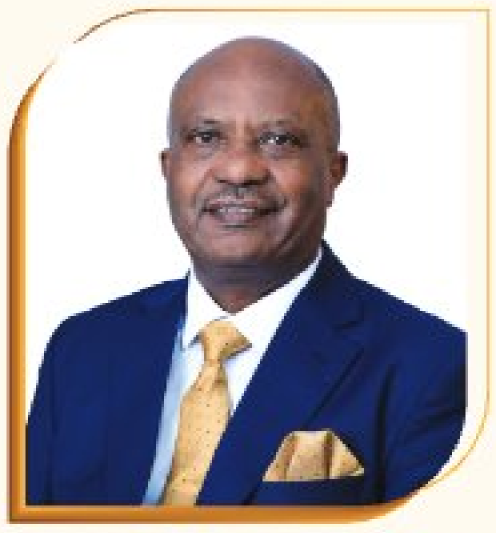
GEBEYEHU RABA
Director, Research & Development

GETACHEW ARGAW
Acting Director, Service & Mining Sectors

GETAHUN ABEBE
Director, Credit Analysis & Appraisal

HABTAMU DEJENE
Acting Director, Organizational Design & HR Business Partnering

DEPARTMENT DIRECTORS



HABTEMARIAM TESFAYE
Director, Building & Lease Administration

LEYOUAGER TAYE
Director, Digital Banking Business & Fintech Management

MENSUR ALI
Director, IFB Financing & Investment

MESKEREM TESFAYE
Director, Strategy & Change Management

MILLION BISRAT
Director, Credit Monitoring & Portfolio Management

NAHOM DANIEL
Director, Talent Development & Performance Management

NIGATU WOLDE
Director, Business Programs

SAMUEL GETACHEW
Acting Director, Remittance & Foreign Financial Institutions Relationship

SEBLEWONGEL TESHOME
Director, Accounts & Financial Reporting

SHEMELES HAILE
Director, Branch Banking

SOLOMON TIBEBU
Acting Director, Corporate Planning & Monitoring

TAMENE DEMISSIE
Director, Ethics & Good Governance

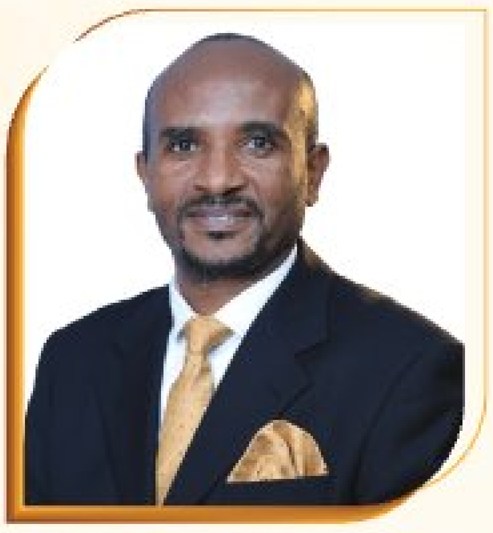
TAMIRAT ABEBE
Director, Cyber Security

TEFERI BATEBO
Director, Facilities Management

WELELLA MOHAMMED
Director, Marketing & Branding

WONDAYHU TESFAYE
Director, Supply Chain Management

DEPARTMENT
DIRECTORS



WONDWOSSEN ENKO
Director, Property Valuation

YARED AYELE
Director, HR Operations

YONAS TADESSE
Director, Trade Finance

ZELALEM SOLOMON
Director, IS Application Management

በንብ ካርድ
ይጠቀሙ!
በነጻ ይደውሉ 9698
24/7

MESSAGE FROM THE
CHIEF EXECUTIVE OFFICER

Henok Kebede
Chief Executive Officer

Dear Respected Shareholders and Esteemed Guests,

It is with profound honor and sincere appreciation that I welcome you to the 26th Annual General Meeting of Nib International Bank. I would like to take this opportunity to express my heartfelt gratitude for your steadfast support, enduring trust, and unwavering commitment to our shared vision over the course of the fiscal year.

The fiscal year 2024/25 was marked by considerable global economic uncertainty. While moderate economic growth had been registered during the period, the environment was shaped by escalating geopolitical tensions, including armed conflicts, globally and in our region. These developments disrupted trade routes, elevated energy prices, and eroded investors' confidence.

Domestically, Ethiopia undertook bold structural reforms aimed at modernizing its financial system in a manner that aligns with international standards. Among the key initiatives in this reform program were the transition to a market-based exchange rate determination regime, the launch of a capital market, the opening of the financial sector to foreign institutions, and the tax reform. While these reforms are intended to enhance fiscal sustainability, they have also resulted in some pressures on businesses and households. As an institution operating within these economic environments, Nib International Bank S.C had been directly affected by developments occurring both globally and domestically.

Despite these challenges, the Bank concluded the fiscal year with a strong recovery, laying a solid foundation for sustainable growth. We significantly improved our performance in most KPIs and restored customers' confidence. Our strategic focus on sound corporate governance, risk management, productivity enhancement, and cost containment yielded these results. Our customer-centric approach and commitment to long-term partnerships were instrumental in enabling the Bank to recover swiftly and resume regular banking operations.

Our major accomplishments during the year include:

☑ **Governance Improvements:** We successfully addressed prior governance-related challenges, enhancing our institutional reputation and demonstrating resilience.

☑ **Credit Settlement:** The Bank has fully settled its loan with interest from the National Bank of Ethiopia, strengthened its regulatory relationships and fostered collaborative partnerships.

☑ **Long-term Strategy:** We have internally developed a comprehensive 3-Year Strategic Plan and 5-Year Roadmap, optimized resources and avoided costs associated with external consultancy services.

☑ **Foreign Exchange (FX) Position:** The Bank has significantly improved its foreign exchange standing, which has remained the pivotal challenge of the Bank, by settling long outstanding FX liabilities and commitments.

☑ **Digital Transformation:** We have launched several internally developed digital platforms, including "NIBtera Online," AmberPay, PayStream and QR interoperability services, enhancing customer experiences and operational efficiencies.

☑ **Branch Optimization:** With the aim to optimize resource utilization, we have consolidated and relocated a number of branches based on feasibility assessments and increased the number of district offices to improve branches support.

☑ **Strategic Partnerships:** We have also established new partnerships with domestic and international institutions, including MasterCard, to foster mutually beneficial business opportunities.

Furthermore, the Bank continued to fulfill its corporate social responsibilities by providing financial and non-financial support to various initiatives. We played a catalytic role in economic development by extending credit to targeted sectors and SMEs, thereby promoting financial inclusion and job creation across the Country.

Despite our achievements, the fiscal year was not without its challenges. While there has been steady improvements, the organizational culture in effectively executing targets remains underdeveloped. Accordingly, low-cost resource mobilization efforts require more work that the Bank will ultimately align with the industry average.

Looking ahead, we remain cautiously optimistic about the global and domestic economic outlook. Continued economic reforms, digitalization, and regulatory enhancements present opportunities for the banking sector. In response, we will recalibrate our strategies to align with evolving economic realities, including increased interest in ESG (environment, social and governance) principles, green financing, M&A (merger and acquisition), capital market engagement, and investment banking initiatives.

For the upcoming 2025/26, the Bank is committed to delivering greater value to its shareholders and other stakeholders. We will leverage our Strategy Plan to guide our efforts in achieving profit targets, improving branch productivity, optimizing resource mobilization, enhancing cost management, strengthening risk controls, and accelerating digital transformation.

Considering the achievements we have realized and the renewed sense of optimism we have fostered, I wish to extend my heartfelt appreciation to all that contributed to our success in the 2024/25 fiscal year.

I would like to express my sincere gratitude to the Board of Directors for their strategic guidance and unwavering support; to the National Bank of Ethiopia for its regulatory oversight and generous cooperation; to our management and staff for their dedication, resilience, and hard work; to our valued customers for their continued loyalty and trust; and above all, to you (our esteemed shareholders) for your enduring belief in our mission and strategic direction and for your steadfast support.

Your continued confidence has been instrumental to our progress. With your partnership and support, I am confident that Nib International Bank S.C will continue to grow, innovate, and lead as one of Ethiopia's most resilient and customer-focused financial institutions. As we look ahead, I remain hopeful for your ongoing support and valuable guidance in the years to come

For a comprehensive overview and deeper insight into the Bank's performance during the 2024/25 fiscal year, I respectfully encourage you to review the annual report provided to you.

Thank you all, for your Ongoing Support and Commitment!

Henok Kebede
Chief Executive Officer
October 2025

የሥራ ፈጣሪዎች የቁጠባ ሒሳብ!

በነጻ ይደውሉ **9698**

24/7

OPERATIONAL PERFORMANCE HIGHLIGHT

TOTAL ASSET
66.2 BILLION

TOTAL CAPITAL
7.5 BILLION

CUSTOMERS DEPOSIT
51.3 BILLION

ATM
338

PAIDUP CAPITAL
7.8 BILLION

OUTSTANDING LOAN
44.7 BILLION

BRANCHES
419

GROSS
REVENUE

**11.3
BILLION**

NIB E-BIRR AGENTS

5,435

NIB CARDHOLDERS

1,450,354

NIB E-BIRR MERCHANTS

18,167

NIBtera SUBSCRIBERS

884,940

NIB E-BIRR
WALLET CUSTOMERS

2,804,101

POS

342

በእጅ ስልክዎ የሞባይል ባንኪንግ አገልግሎት ይጠቀሙ!

*865#

Key Details

***865#**	Welcome to NIB Mobile Banking Enter 4 Digit PIN
***865# 1**	Name NIB -0000
***865# 2**	Transfer To Own Account Other NIB Account Transfer To Wallets Other Bank Transfer Transfer to Beneficiaries More
***865# 3**	Top Up Air Time Buy Safaricom Air Time Buy Ethio Tele Air Time
***865# 4**	Payments Flight Payments Utility Payments
***865# 5**	Main Menu Exchange Rate Preferences

01

DIRECTORS’ REPORT

DIRECTORS' REPORT

The Board of Directors of Nib International Bank S.C is pleased to present the Bank's annual performance report to the 26th Annual General Meeting of Shareholders and to all stakeholders of the Bank for the year ended 30th June 2025.

Nib International Bank S.C.'s performance this past year was significantly shaped by the dynamic socio-economic landscape, both globally and domestically. The financial sector continues to operate in a competitive environment, and our ability to thrive is directly linked to how we capitalize on opportunities and mitigate risks from these fluctuating conditions. The global economy has been marked by persistent uncertainty, though some signs of stabilization have emerged. Domestically, Ethiopia's economy has shown resilience and robust growth.

The Ethiopian Government's economic reforms for 2024-2025 are a strategic shift toward a more market-oriented, private-sector-led economy, supported by efforts to maintain macroeconomic stability and ensure the reforms are inclusive and equitable. Additionally, geopolitical factors, both domestic and international, could have also played a role in influencing Ethiopia's economic performance during the period.

The Ethiopian Government predicted that the economy would expand by 8.8% in 2024/25.

The economic reforms are a crucial backdrop to this growth. The move towards a market-based exchange rate, fiscal discipline, and efforts to attract foreign direct investment are creating a more favorable environment for all sectors to thrive. The successful restructuring of external debt and the establishment of new financial markets do also play a supportive role in enhancing economic stability and growth.

Over the 2024-2025 period, the banking industry faced significant challenges driven by both the government's sweeping economic reforms and existing macroeconomic issues. While the reforms were designed to improve long-term stability, they created a complex and challenging operating environment for banks in the short-term. Additionally, the rapid push for digital transformation has exposed banks to heightened operational risks.

Despite these challenges, our Bank has demonstrated resilience and adaptability, and it is expected to continue to play a crucial role in the country's economic growth and financial development.

FINANCIAL & OPERATIONAL PERFORMANCES

The summary performance report of the Bank during the financial year 2024/25 is presented as follows.

1. ASSETS

The Bank's total assets reached Birr 66.2 billion, which is less when compared to last year's corresponding position mainly due to the decline in loans and advances outstanding balance in line with the liquidity recovery measures taken during the year.

TABLE 1: COMPARISON & COMPOSITION OF ASSETS

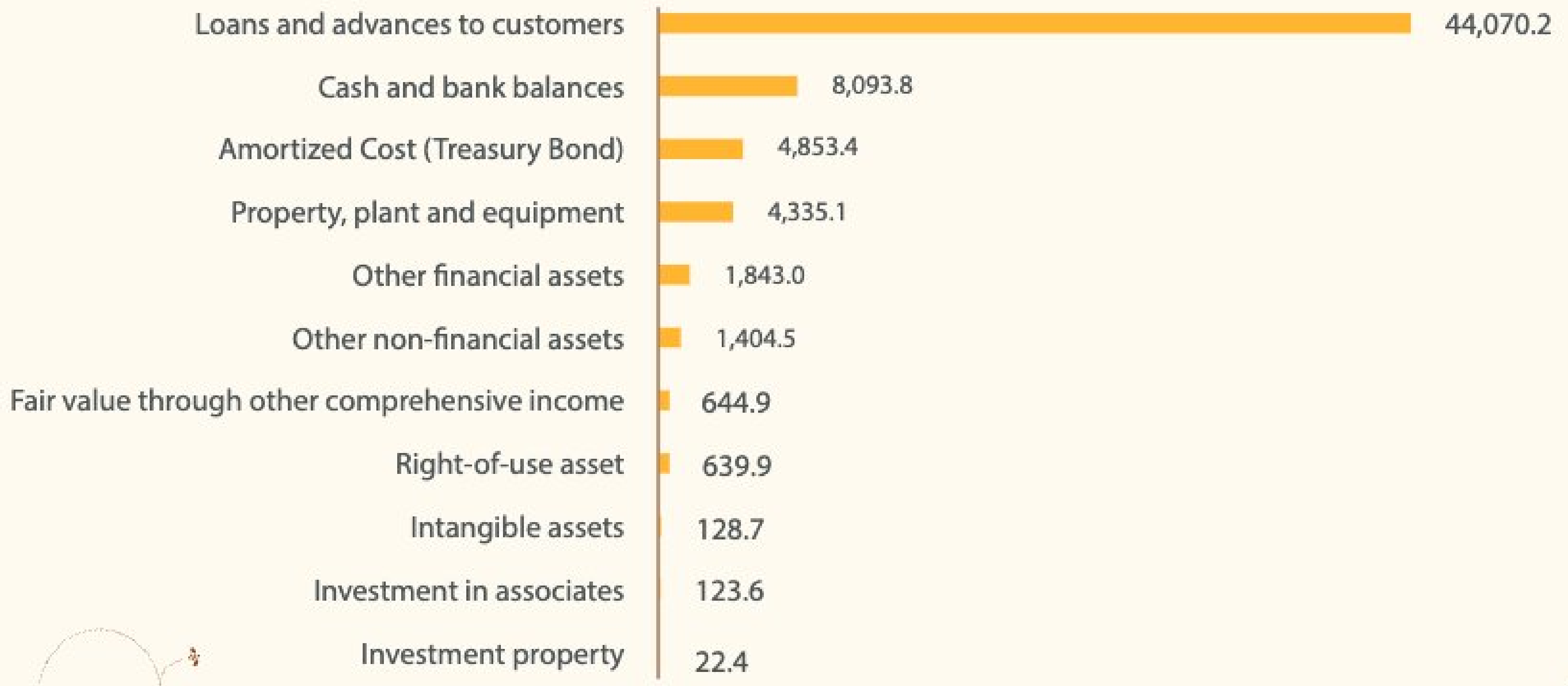
ETB IN MILLIONS

Asset Type	June 2025	June 2024	Growth		%Share	
			Absolute	%	June 2025	June 2024
Cash and bank balances	8,093.8	6,265.2	1,828.6	29.2	12.2	9.3
Loans and advances to customers	44,070.2	48,472.7	(4,402.5)	(9.1)	66.6	72.3
Fair value through other comprehensive income	644.9	475.3	169.6	35.7	1.0	0.7
Amortized cost (Treasury Bond)	4,853.4	4,295.4	557.9	13.0	7.3	6.4
Investment in associates	123.6	98.9	24.7	25.0	0.2	0.1
Other financial assets	1,843.0	1,493.3	349.6	23.4	2.8	2.2
Other non-financial assets	1,404.5	761.7	642.8	84.4	2.1	1.1
Investment property	22.4	21.2	1.2	5.7	0.0	0.0
Intangible assets	128.7	154.7	(26.0)	(16.8)	0.2	0.2
Right-of-use asset	639.9	703.1	(63.2)	(9.0)	1.0	1.0
Property, plant and equipment	4,335.1	4,296.4	38.6	0.9	6.6	6.4
Total Asset	**66,159.4**	**67,038.0**	**(878.6)**	**(1.3)**	**100.0**	**100.0**

Looking at the breakdown, net loans and advances make up the lion's share of the total assets at 66.6%, cash and bank balances follow at 12.2%, with investments in treasury bonds accounting for 7.3%, property, plant, and equipment represent 6.6% of the total assets. The chart below illustrates the details.

CHART 1: TOTAL ASSET BY TYPE AS AT JUNE 30, 2025

ETB IN MILLIONS



2. LOANS AND ADVANCES

The Bank's total outstanding loans and advances stood at Birr 44.7 billion at the end of the 2024/25 financial year.

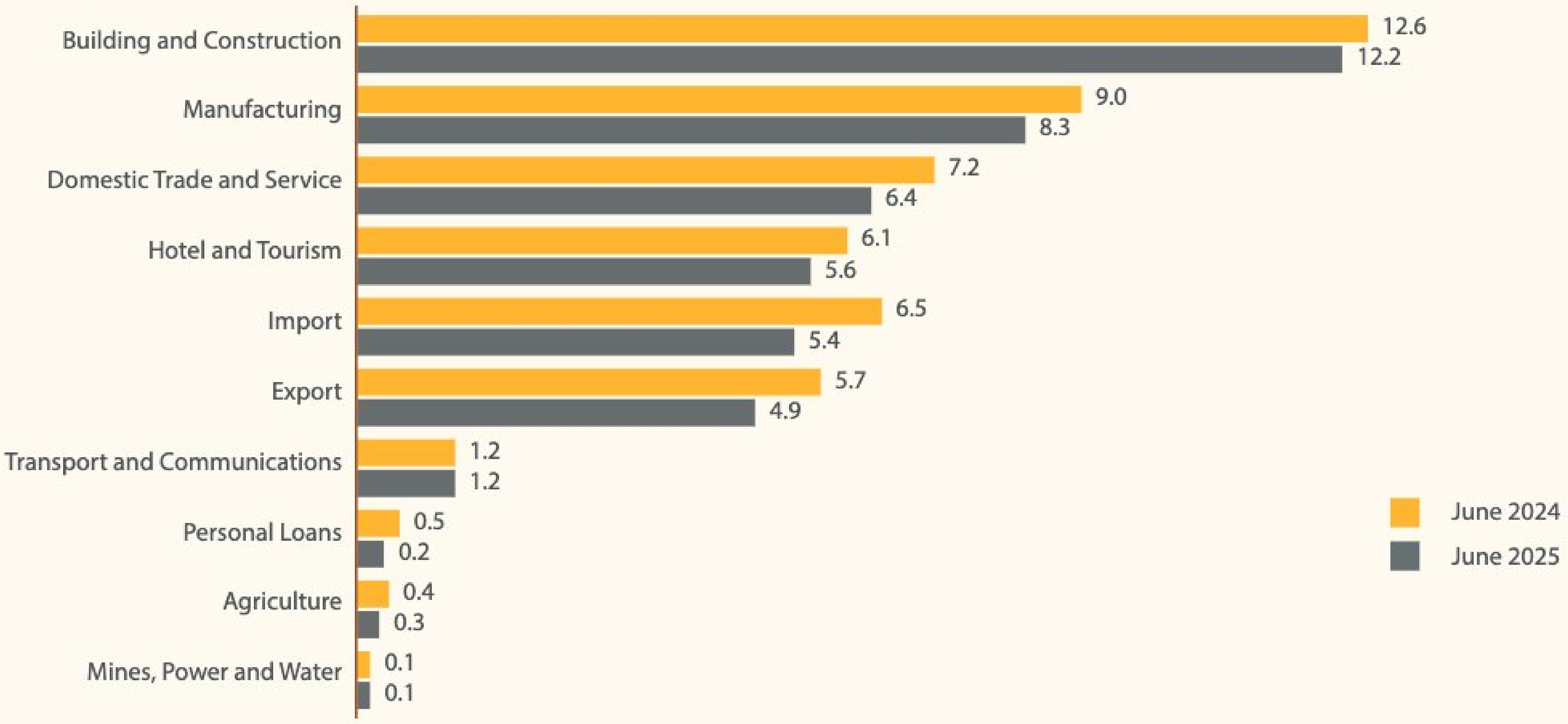
The asset quality ratio under the review period remained a bit higher than the expectation due to the impacts of the challenging situations both in the external and internal operating environments. The table below depicts the Bank's loans and advances performance by economic sector.

TABLE 2: LOANS AND ADVANCES BY ECONOMIC SECTOR ETB IN MILLIONS

Economic Sector	June 2025	June 2024	Growth		% Share	
			Absolute	%	June 2025	June 2024
Building and Construction	12,239.5	12,551.6	(312.0)	(2.5)	27.8	25.9
Manufacturing	8,301.1	8,998.4	(697.3)	(7.7)	18.8	18.6
Domestic Trade and Service	6,400.9	7,175.7	(774.8)	(10.8)	14.5	14.8
Import	5,418.5	6,524.7	(1,106.2)	(17.0)	12.3	13.5
Hotel and tourism	5,631.9	6,090.8	(458.9)	(7.5)	12.8	12.6
Export	4,906.2	5,743.6	(837.5)	(14.6)	11.1	11.8
Transport and communications	1,186.1	1,192.6	(6.5)	(0.5)	2.7	2.5
Personal loans	230.9	494.5	(263.6)	(53.3)	0.5	1.0
Agriculture	284.6	359.4	(74.9)	(20.8)	0.6	0.7
Mines, Power and Water	87.3	115.7	(28.5)	(24.6)	0.2	0.2
Total Loans & Advances	44,687.0	49,247.0	(4,560.1)	(9.3)	101.4	101.6
Less: Impairment Allowances	616.8	774.4	(157.6)	(20.4)	1.4	1.6
Net Loans & Advances	44,070.2	48,472.7	(4,402.5)	(9.1)	100.0	100.0

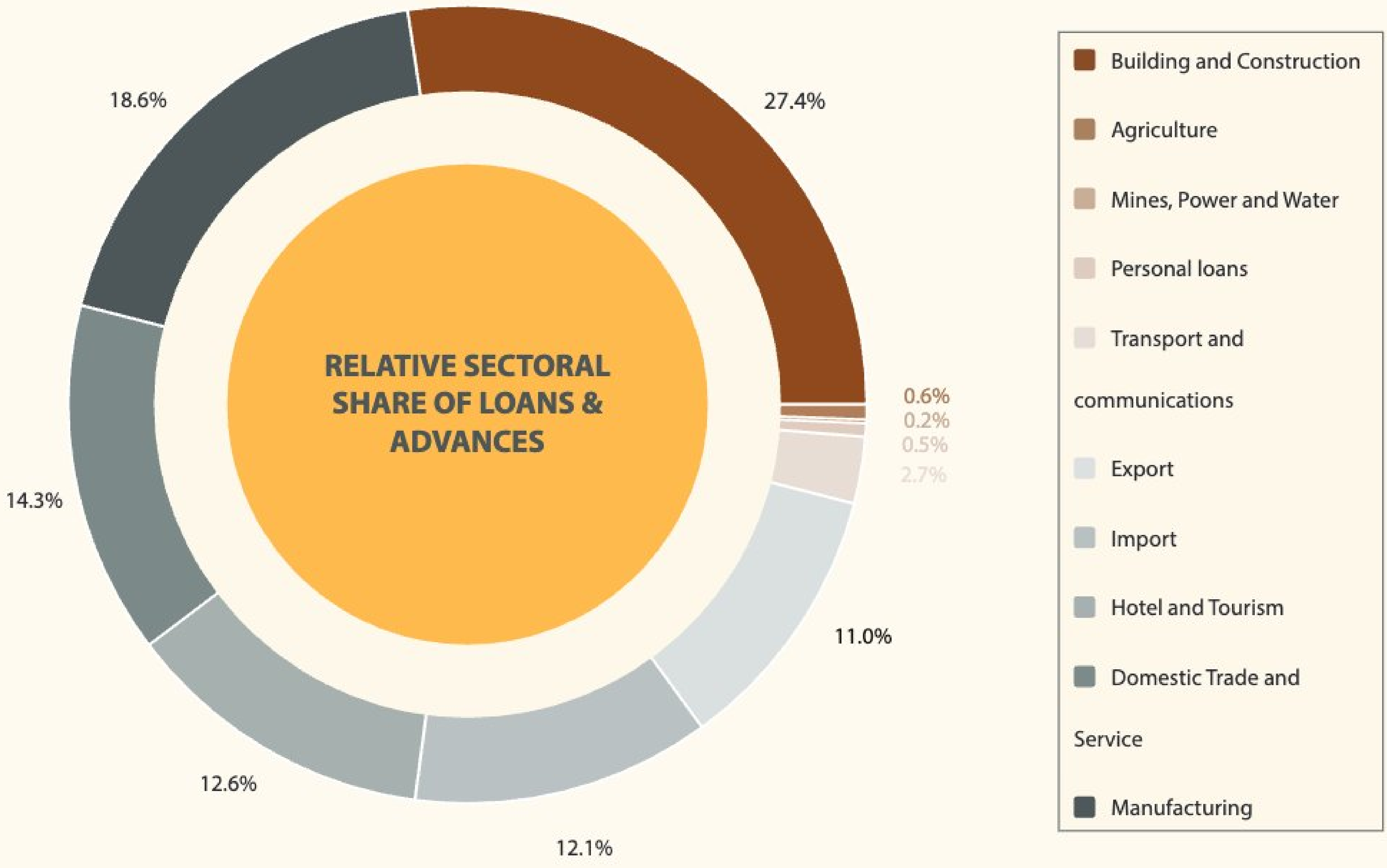
The chart below shows the sectorial comparative share of the total loans and advances.

CHART 2: SECTORIAL COMPARISON OF LOANS AND ADVANCES ETB IN BILLIONS



FINANCED PROJECTS

CHART 3: RELATIVE SECTORAL SHARE OF LOANS & ADVANCES



3. LIABILITIES

As of June 30, 2025, the total liability of the Bank stood at Birr 58.7 billion. Total deposits from customers constituted the lion's share of the total liability at 87.5% as depicted in the following table.

TABLE 3: COMPARISON & COMPOSITION OF LIABILITIES ETB IN MILLIONS

Liablity by Type	June 2025	June 2024	Growth		%Share	
			Absolute	%	June 2025	June 2024
Deposits from customers	51,337.5	45,058.3	6,279.2	13.9	87.5	79.5
Borrowings	1,547.5	5,383.8	(3,836.3)	(71.3)	2.6	9.5
Current tax liabilities	42.2	326.2	(283.9)	(87.1)	0.1	0.6
Other financial liabilities	2,024.1	493.9	1,530.2	309.8	3.4	0.9
Other non-financial liabilities	3,063.7	4,787.1	(1,723.4)	(36.0)	5.2	8.4
Lease liabilities	233.8	184.1	49.7	27.0	0.4	0.3
Retirement benefit obligations	315.2	408.4	(93.2)	(22.8)	0.5	0.7
Deferred tax liabilities	127.6	29.0	98.6	340.6	0.2	0.1
Total Liabilities	**58,691.6**	**56,670.7**	**2,020.9**	**3.6**	**100.0**	**100.0**

4. DEPOSITS

As at the close of June 2025, the total deposit mobilized by the Bank reached Birr 51.3 billion. The total number of deposit accounts of the Bank reached 4.3 million from 3.7 million at the end of June 2024 making an absolute growth of 0.6 million (or 16.2%). The table and chart below show the details of the deposits.

TABLE 4: COMPARISON & COMPOSITION OF DEPOSIT ETB IN MILLIONS

Type of Deposit	June 2025	June 2024	Growth		%Share	
			Absolute	%	June 2025	June 2024
Demand Deposit	8,797.0	8,003.0	794	9.9	17.1	17.8
Saving Deposit	26,912.5	23,794.0	3,119	13.1	52.4	52.8
Fixed Deposit	15,627.9	13,261.3	2,367	17.8	30.4	29.4
Total Deposit	**51,337.5**	**45,058.3**	**6,279.2**	**13.9**	**100.0**	**100.0**

As presented in the table above, the balance of interest-bearing deposits (Savings Deposit & Fixed Time Deposits) was Birr 42.5 billion, constituting 82.9% of the total deposit, which was 82.2% as of June 30, 2024. The remaining balance Birr 8.8 billion (or 17.1%) was mobilized in the form of non-interest-bearing deposits.

CHART 4: RELATIVE COMPOSITION OF DEPOSITS

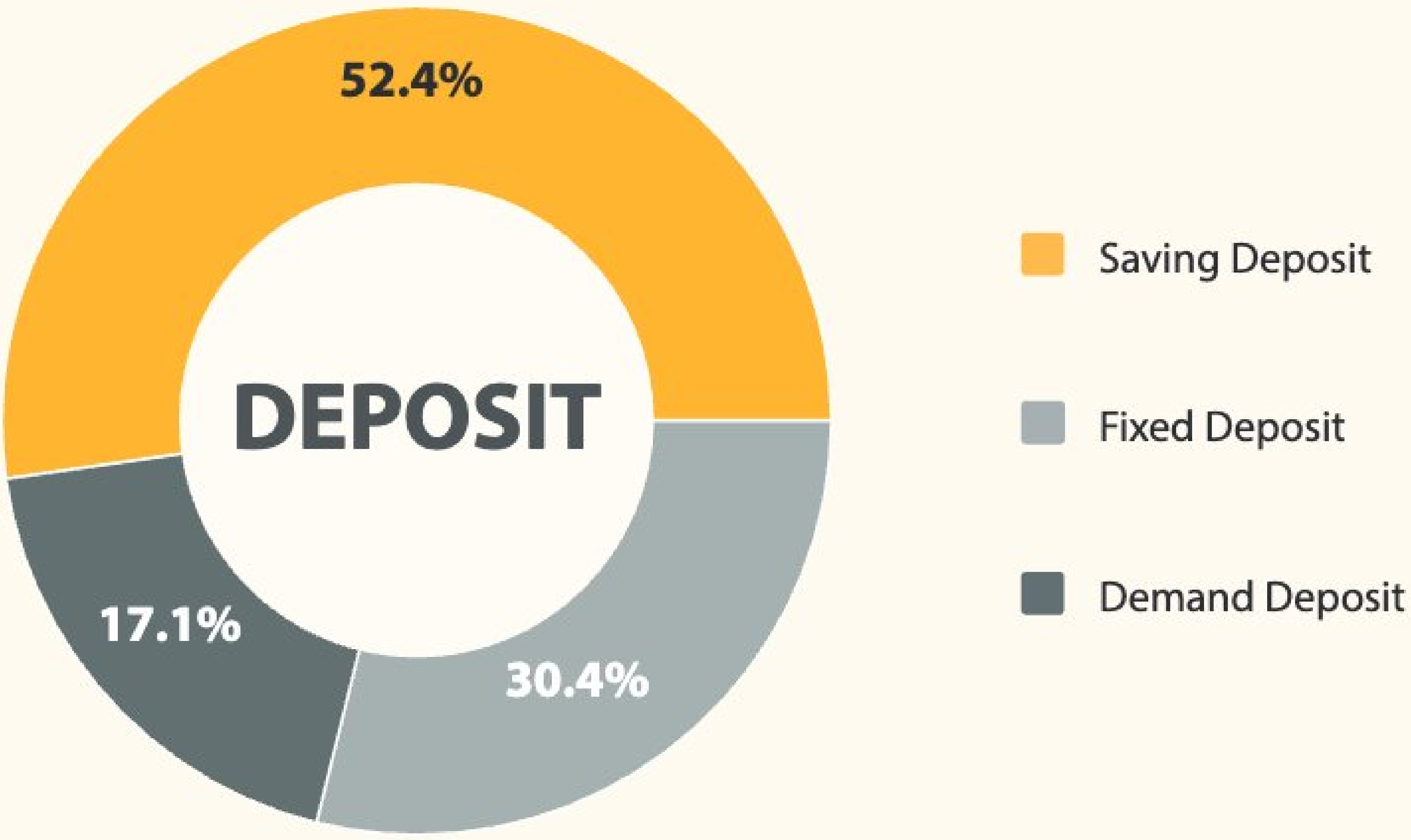
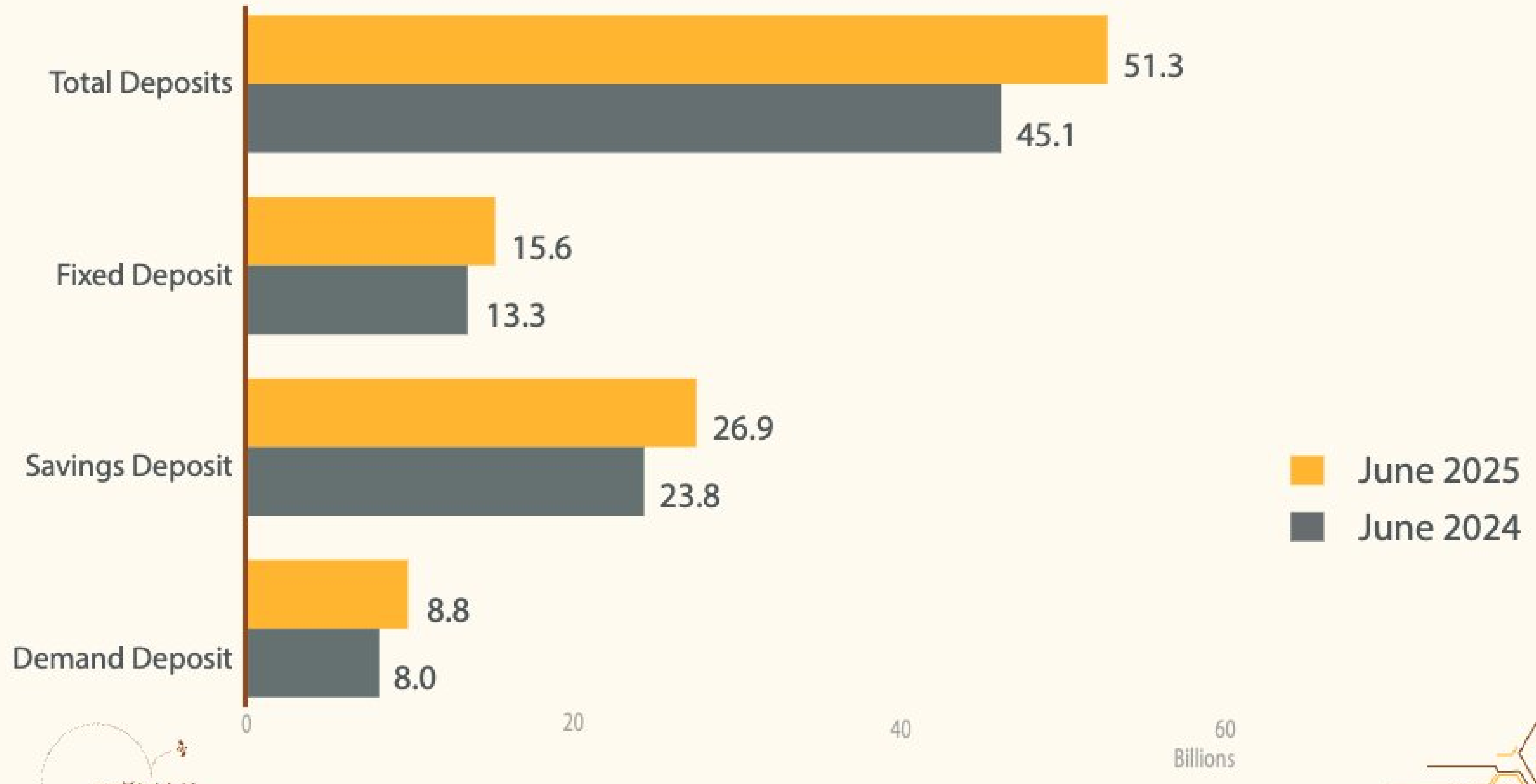


CHART 5: COMPARISON OF DEPOSITS

ETB IN BILLIONS



5. EQUITY

The Bank's total equity, which is composed of paid-up capital, regulatory risk reserve, retained earnings, legal and special reserve reached Birr 7.5 billion. This is a decline by 28.0% from last year's same period balance of Birr 10.4 billion. The detail is presented below.

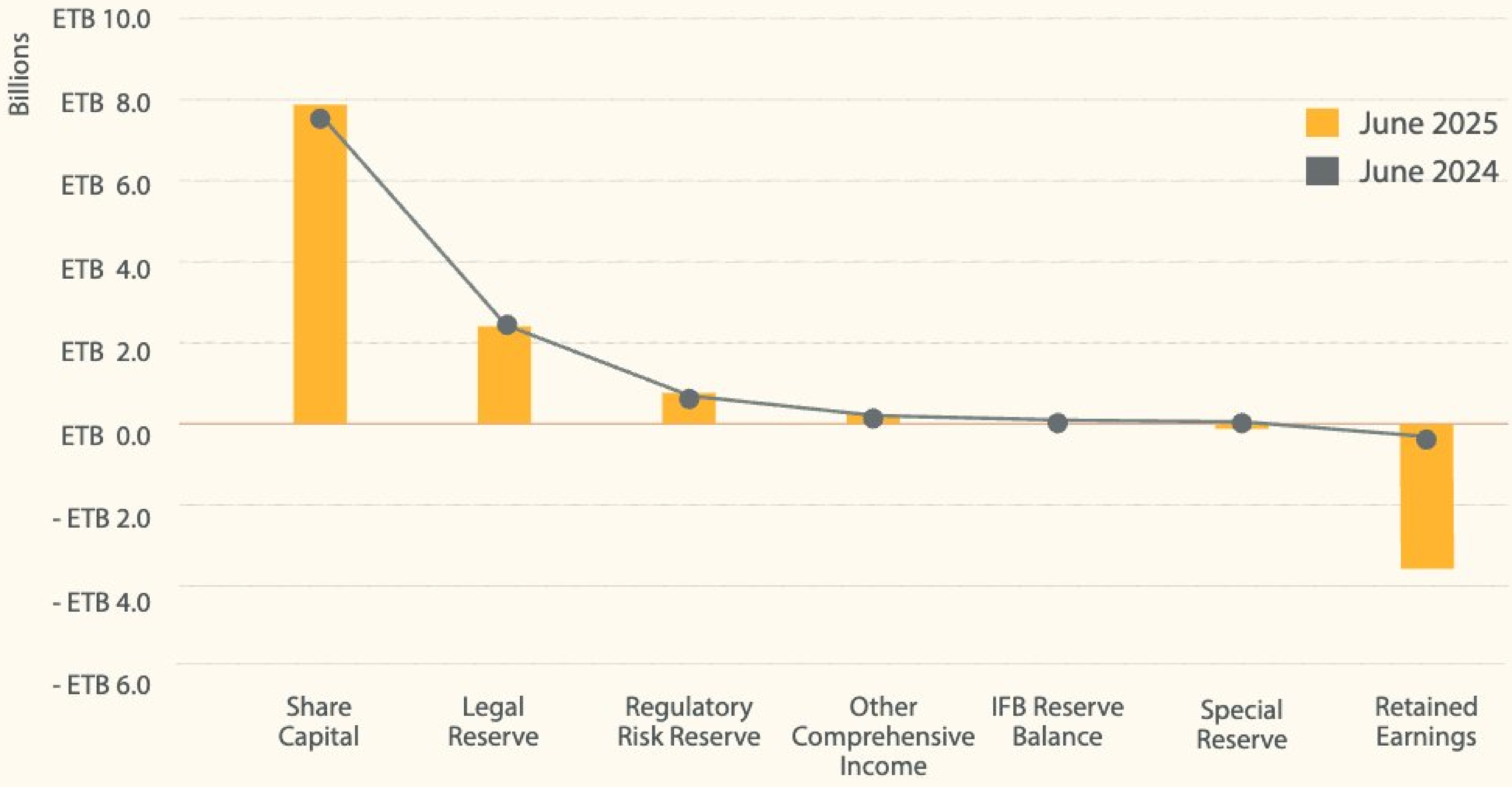
TABLE 5: COMPARISON & COMPOSITION OF EQUITY

ETB IN MILLIONS

Equity Items	June 2025	June 2024	Growth		%Share	
			Absolute	%	June 2025	June 2024
Share capital	7,827.3	7,580.4	246.8	3.3	104.81	73.12
Regulatory risk reserve	740.5	617.4	123.1	19.9	9.92	5.96
Retained earnings	(3,673.1)	(378.2)	(3,295.0)	871.3	(49.19)	(3.65)
Legal reserve	2,324.9	2,388.9	(64.0)	(2.7)	31.13	23.04
Special reserve	2.6	2.5	0.1	4.0	0.03	0.02
Other comprehensive income	237.2	154.4	82.8	53.6	3.18	1.49
IFB reserve balance	8.4	1.8	6.6	361.9	0.11	0.02
Total Equity	**7,467.8**	**10,367.3**	**(2,899.5)**	**(28.0)**	**100.0**	**100.0**

CHART 6: EQUITY GROWTH

ETB IN BILLIONS



6. INCOME

The Bank managed to generate a record total income of Birr 11.3 billion during the financial year, registering a growth of Birr 498.1 million (4.6%) compared to that registered the preceding year. Looking further, the interest income generated from loans and advances declined nearly by half a billion because of the decrease in the loan book balance of the Bank owing to the restrictions imposed by the NBE on fresh loan disbursements by the Bank during the period. The detailed composition of income is depicted in the following table.

TABLE 6: COMPOSITION OF INCOME IN MILLIONS OF BIRRS

Asset Type	**June 2025**	**June 2024**	**Growth**		**%Share**	
			Absolute	**%**	**June 2025**	**June 2024**
Interest Income	9,167.8	9,653.2	(485.4)	(5.0)	81.1	89.3
Fee and commission income	1,402.8	795.8	607.0	76.3	12.4	7.4
Other Income	738.2	361.7	376.5	104.1	6.5	3.3
Total Equity	**11,308.76**	**10,810.64**	**498.1**	**4.6**	**100.0**	**100.0**

CHART 7: COMPOSITION OF INCOME SOURCES

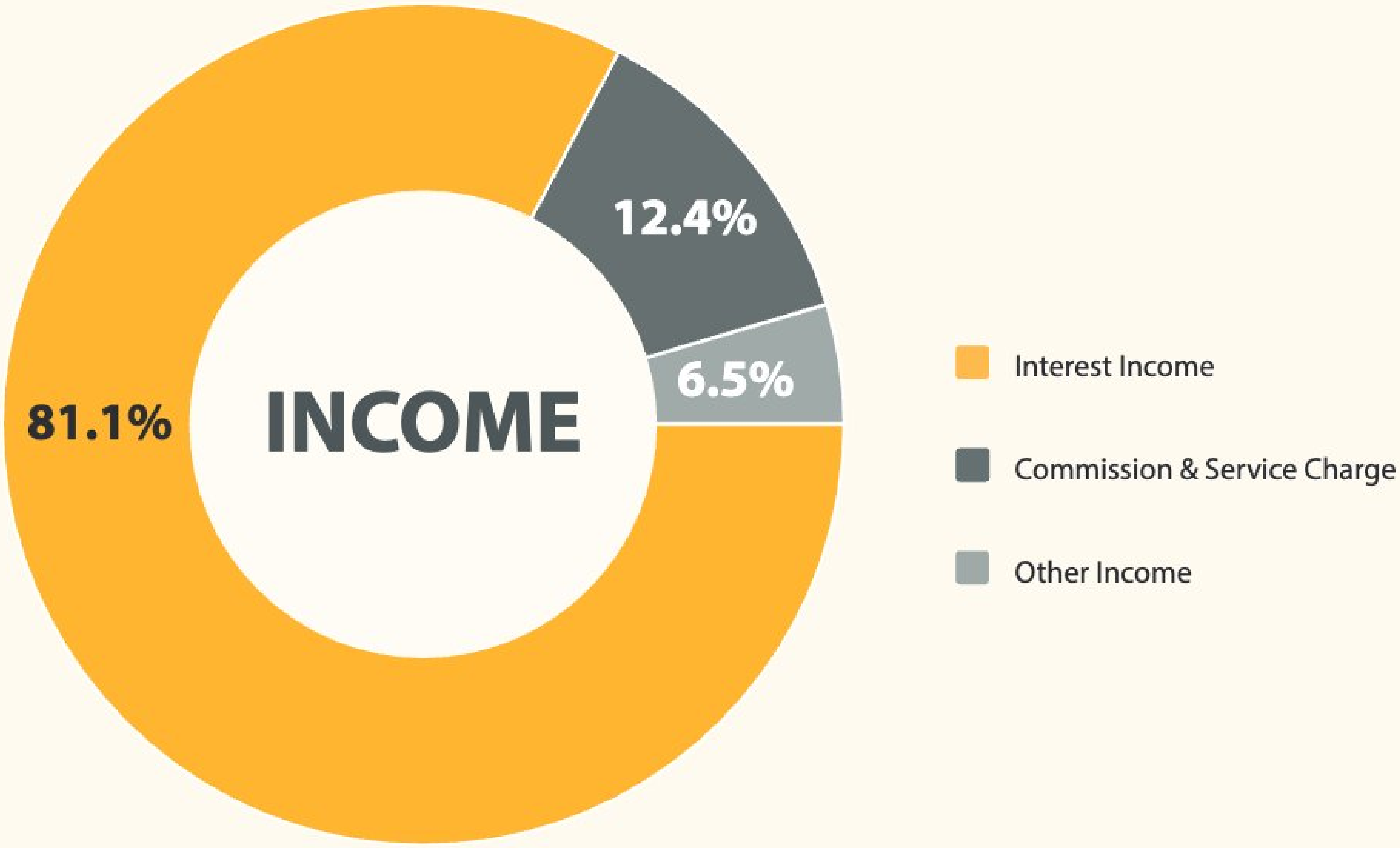
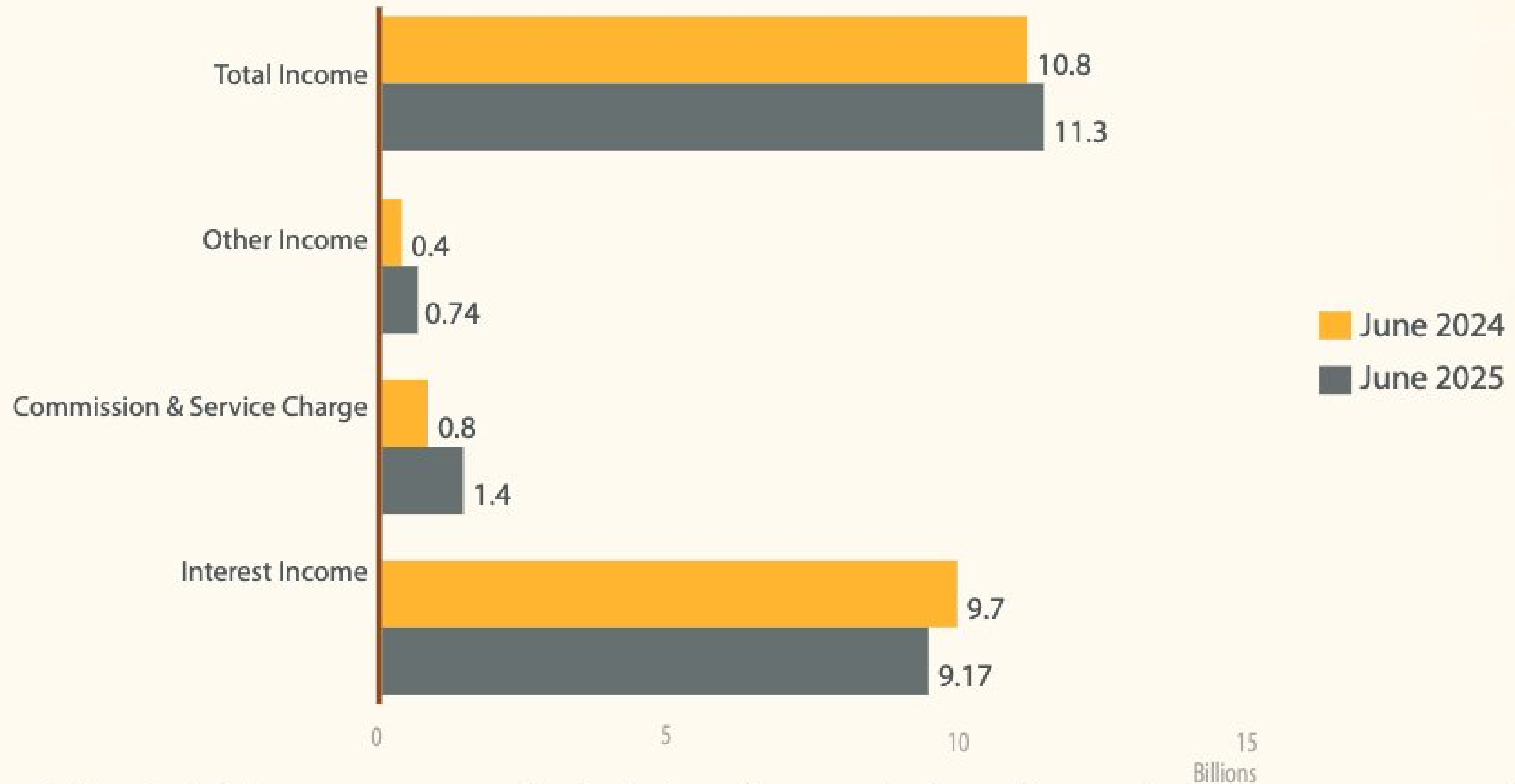


CHART 8: COMPARISON OF INCOME SOURCES

ETB IN BILLIONS



Out of the total income generated during the period under review, income generated from international banking activities was Birr 1.5 billion or 13.4%.

7. EXPENSES

The total expense of the Bank for the financial period under review reached Birr 14.2 billion. These expenses are incurred on interest expenses, personnel expenses, FX dealing loss, loan impairment charges as well as other operating expenses.

TABLE 7: COMPARISION & COMPOSITION OF EXPENSES

IN MILLIONS OF BIRRS

Expense Items	June 2025	June 2024	Growth		%Share	
			Absolute	%	June 2025	June 2024
Interest expense	4,818.0	4,440.3	378	8.5	34.0	46.2
Salaries and benefits	2,831.6	2,913.5	(82)	(2.8)	20.0	30.3
Administration and general expense	6,531.6	2,252.0	4,280	190.0	46.1	23.4
Total Equity	**14,181.2**	**9,605.9**	**4,575.3**	**47.6**	**100.0**	**100.0**

The increase in total expenses for the reporting period is entirely attributable to a significant loss incurred in foreign exchange transaction dealings. This loss was the result of long-outstanding FX liabilities and commitments that were left unsettled for several years due to absence of adequate foreign currency reserves for their settlement at the time. These liabilities and commitments originated from governance deficiencies under the previous management, who authorized FX allocations to importers without ensuring the availability of the necessary resources creating a huge mismatch between assets and liabilities held in foreign currencies. This misalignment between commitments and actual reserves exposed the Bank to an extensive market risk, that of late has materialized due to the big jump in the foreign exchange rates. The breakdown of expense items is presented below.

CHART 9: COMPOSITION OF EXPENSES

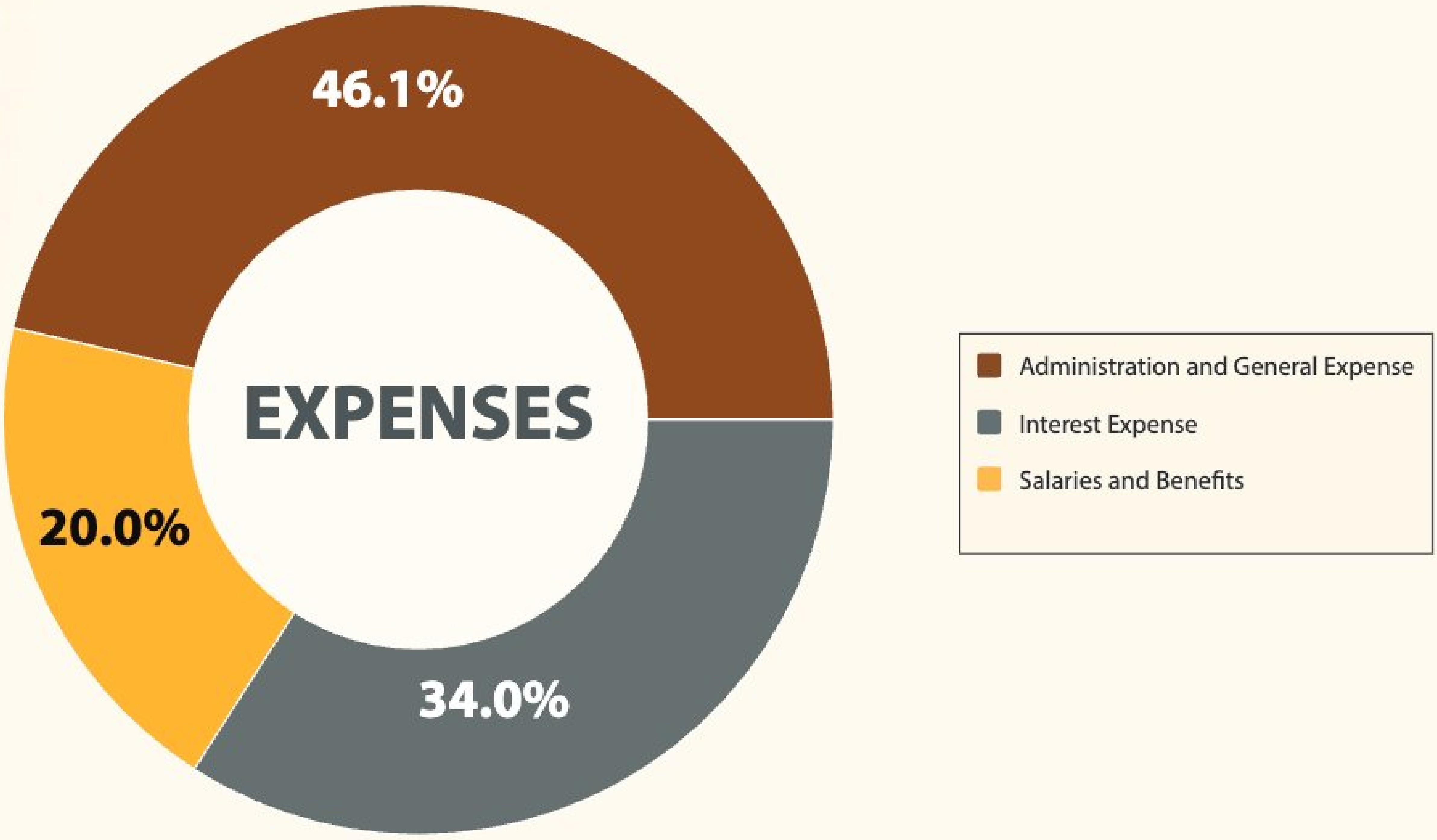
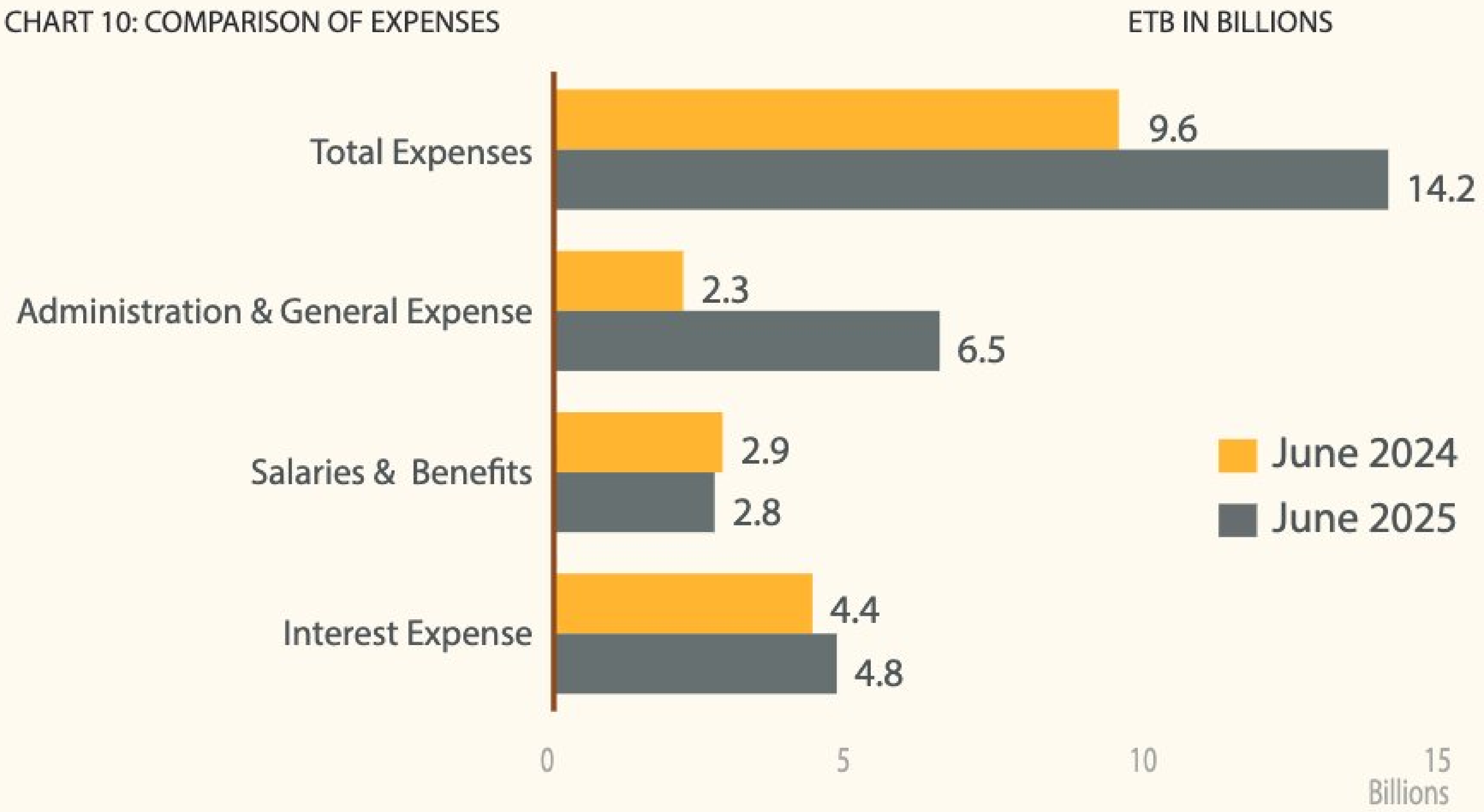


CHART 10: COMPARISON OF EXPENSES



8. PROFIT/ LOSS

Because of the direct impact of the change in the foreign exchange regime, by way of unification of the foreign exchange market, that resulted in a significant rise in the exchange rate between Birr and foreign currencies, the Bank has incurred before-tax loss of Birr 2.9 billion in the reporting financial year. That policy shift had a major impact on the Bank's financial performance due to the Birr 4.4 billion loss on FX (A/L) Revaluation. The loss was wholly caused by the long-outstanding FX denominated liabilities and commitments entered (by the previous management of the Bank) at a much lower exchange rate, which the Bank later was obliged to settle at more than double the original rates (due to the substantial change in exchange rate because of the monetary policy shift).

9. PROPOSAL ON DIVIDEND DISTRIBUTION

Because of the loss incurred during the reporting period as noted above (sub-section 8), there will be no dividend payout declaration for the reporting period.

BUSINESS DEVELOPMENT & OTHER MAJOR ACTIVITIES

Despite the challenges faced by the Bank, several strategic and core activities essential for its growth were carried out during the reporting period. Some of these key activities, among others, are highlighted below:

☑ By addressing long outstanding governance-related problems in the Bank, the liquidity challenges have entirely been addressed and customer confidence rebuilt.

☑ The Bank has fully settled NBE borrowings to the extent of Birr 5.85 billion in principal amount and Birr 658.4 million in interest payments. This significant achievement has improved the confidence of the regulatory authorities to lately lift the restrictions imposed on the Bank to disburse fresh credit.

☑ Through settling long outstanding FX liabilities and commitments, the Bank has tried to recover from the critical market risks it was exposed to and started building up FX assets.

☑ The year marked a significant milestone for the Bank as it embarked on the development of a new three-year strategy plan and five-year roadmap. These forward-looking strategies are designed to strengthen the Bank's market position, enhance service delivery, and prepare for the evolving financial landscape. As part of the new strategy, the Bank's organizational structure has been revised in such a manner that it supports the effective implementation of the new strategy. In conjunction with this, the Bank has started implementing Performance Management System (PMS).

☑ Throughout the year, the Bank continued to introduce innovative banking solutions tailored to meet customer needs. From advancing digital services to launching customer-focused products, the Bank has demonstrated its commitment to providing accessible, modern, and reliable financial services. The Mobile and Internet Banking platform was upgraded and rebranded as NIBtera Online by overhauling the existing Mobile Banking App into a comprehensive Super App, delivering a unified digital experience.

☑ The Bank entered into strategic partnerships aimed at modernizing its services and promoting inclusivity in the financial sector.

☑ We conducted some renovation work at selected branches of the Bank to improve in-branch customer experience and operational efficiency.

1. HUMAN CAPITAL

At the end of the financial year, the total permanent staff strength of the Bank reached 6,905. At the heart of Bank's progress is a deep belief that our employees are our greatest assets. That's why the Bank made a strong and deliberate investment in the development of its staff. Over the year, 160 training programs, reaching more than 7,200 employees were delivered. These included a mix of 117 outsourced sessions, 38 in-house training courses, 4 overseas programs, and comprehensive induction courses to welcome new colleagues. The Bank also supported 147 employees with tuition assistance, helping them pursue higher education and personal aspirations. This ongoing commitment to learning and development ensures NIB's staff stay ahead of the curve; ready to innovate, lead, and deliver exceptional value to the customers.

2. RISK MANAGEMENT & COMPLIANCE

Nib International Bank S.C has implemented several initiatives to strengthen its risk management and compliance framework. These initiatives aim to foster a sound corporate culture, enhance risk-based internal audit processes, and mitigate potential risks.

Strengthening Liquidity and Restoring Confidence

The Bank undertook a series of deliberate and impactful initiatives aimed at restoring liquidity stability and fulfilling long-standing financial obligations. A key focus during the year was the resolution of the settlement of overdue borrowings from the National Bank of Ethiopia (NBE), and the clearance of long-outstanding foreign currency commitments. These decisive actions were critical not only in improving the Bank's internal balance sheet health but also in reinforcing stakeholder confidence and strengthening its reputation in the market

Enterprise Risk Management (ERM) Culture

During the reporting year, the Bank took actions to institutionalize risk awareness, ownership, and accountability as integral elements of its decision-making process. This includes embedding ERM into strategic planning and execution, developing adequate risk appetite framework, ensuring that risk considerations are part of major business initiatives and capital allocation, and strengthening risk governance structures with clear roles and responsibilities across the three lines of defense. Moreover, the Bank fosters a culture of proactive risk identification and response mindset through continuous training, open communication, and escalation protocols.

Compliance

The Bank has enhanced its Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) framework by deploying additional modules of Financial Crime Mitigation (FCM) System, including Customer Identification File (CIF) management and advanced risk-based customer profiling with improved transaction monitoring capabilities. Furthermore, the implementation of the new KC+ module is in progress to further automate screening and reporting processes. To support these efforts, a dedicated Compliance Team has been established to ensure full compliance with legal and regulatory requirements, reinforcing the Bank's commitment to safeguarding the financial system and maintaining customer trust.

3. INFORMATION TECHNOLOGY & DIGITAL BANKING

In a rapidly evolving financial landscape, the Bank has decisively embraced a new strategic direction, recognizing its robust technological capabilities, dynamic digital banking platforms, and focusing on security as its primary competitive differentiators. This strategic pivot is a testament to the Bank's profound commitment to innovation, aimed at delivering seamless, secure, and cutting-edge services to its customers.

To accelerate its digital transformation, the Bank has established Enterprise Program Management Office and Digital Transformation Advisory Council to guide innovation. At the core of this transformation is a strong focus on people, placing the right talent in key roles to drive the Bank's digital future.

Furthermore, the Bank has introduced several innovative digital solutions to enhance customer experience and operational efficiency. NIBtera Online App, a flagship initiative under the Bank's new strategic plan, offers customers a seamless and convenient way to access banking and payment services directly from their mobile phones. Complementing this is NIBtera Asquala, a school management solution designed to digitize and simplify

academic and administrative tasks for academic institutions. For merchants, the Bank launched NIB AmberPay, a dedicated App that enables easy and secure payments. Additionally, NIB PayStream was introduced as a robust payment gateway, allowing businesses to process online transactions securely and efficiently. Together, these digital tools reflect the Bank's commitment to innovation and customer-centric service delivery.

The Bank has also developed several automated software solutions including Building Rental Management Solution that digitizes property management, a Loan Origination System (LOS) that automates the entire loan lifecycle, and Sales Lead Management Solution that centralizes lead data and automates sales workflows. These systems are designed to improve operational efficiency, reduce errors, and provide valuable insights into better decision-making across different departments.

Over the past year, the Bank has made strategic investments in technology to build a resilient and future-ready foundation for growth. A major milestone was the complete modernization of its network infrastructure to a software-defined network (SDN), significantly enhancing agility, scalability, and security across branches and data centers. This was complemented by expanded computers and storage capacity to support the Bank's growing digital services. On the data front, the implementation of an advanced analytics and reporting system has empowered smarter, data-driven decision-making, offering deeper insights into customer behavior and market trends.

ይሠሯል ከልብ፣
እንደ ንብ !
Committed to Service Excellence !

4. BRANCH NETWORK & ALTERNATIVE CHANNELS

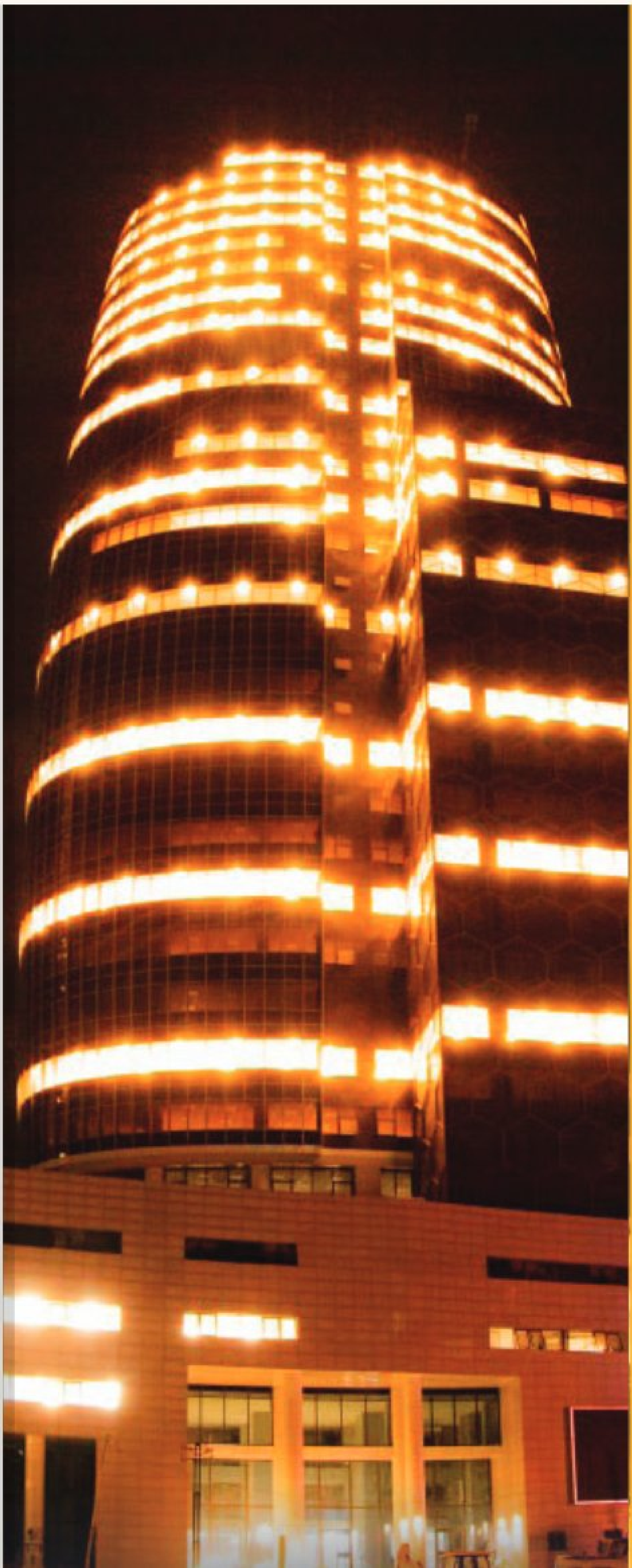
Towards the end of the financial year, the number of branches stood at 419, a number that reflects a strategic focus on optimizing its existing network. With this initiative of optimizing resource uses at City branches, 23 branches were merged while opening one branch during the year.

In line with its focus on better service delivery, the Bank is making a major push into alternative banking channels. Alongside branch optimizations, the Bank has aggressively expanded its alternative service outlets by procuring and deploying additional 500 POS machines. This strategic expansion is enhancing convenience for customers and contributing to improved service delivery and customers satisfaction.

5. INTEREST FREE BANKING

The Bank continues to offer its Interest Free Banking services through dedicated windows at all branches and at 23 fully-fledged Halal branches.

The Interest Free Banking activities has seen remarkable growth during the reporting period. The number of IFB customers surged by 130,230, bringing the total number of IFB customers to 771,862. This strong customer base has contributed to a total deposit mobilization balance of Birr 3.7 billion, which now represents 7.4% of the Bank's total deposits.



6. CONSTRUCTION PROJECTS

Over the past few years, the Bank has been involved in the construction and acquisition of buildings in Addis Ababa and regional cities for its Head Office, District Offices, Branch Offices, and other services. These fixed assets, which are the big components of the Bank’s property portfolio, have faced numerous challenges in generating sufficient income. For instance, some buildings were completed but not rented out, others were rented below market prices, and there were gaps in space utilizations. To address these challenges, focused and concerted efforts were made and as a result, encouraging changes were made to successfully collect Birr 251.0 million in rental income.

In another development, the Bank's 4,725.4-square-meter property in the Kirkos Sub-City, Woreda 10 of the Addis Ababa City Administration, is set for pre-construction work in the next fiscal year. This includes completing remaining payments, obtaining a construction permit, finalizing the design, hiring a consulting firm, and other related tasks. Similarly, actions are underway on the Bank's property in Jigjiga Town (in the Somali Regional State).

7. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) INTEGRATION

As part of its long-term commitment to sustainable development and responsible banking services, the Bank has made significant progress in embedding Environmental, Social, and Governance (ESG) principles into every aspect of its core operations. Recognizing the critical importance of ESG to both business resilience and societal well-being, the Bank has also included ESG as a central pillar within its three-year strategy plan. To operationalize the initiative, the Bank has established a dedicated structure of Institutional Banking & Green Financing Department, devoted to driving innovative financing solutions that support environmentally friendly projects and socially responsible initiatives.

Beyond compliance, the Bank actively seeks to align its financial growth strategies with broader sustainability goals, ensuring that economic success goes hand in hand with positive environmental and social impacts. This integrated approach not only strengthens risk management and governance standards but also enhances stakeholder's trust. responsibilities in the future.

GREEN DEVELOPMENT

8. CORPORATE SOCIAL RESPONSIBILITY

The Bank, as always, is committed to its corporate social responsibilities, actively contributing to national development endeavors and supporting vulnerable communities. During the financial year just ended, the Bank donated a total of Birr 13.7 million Birr and created both direct and indirect job opportunities. While celebrating its 25th anniversary, the Bank's employees visited and supported different local charity organizations, reinforcing their commitment to continuing these social responsibilities in the future.

CORPORATE SOCIAL RESPONSIBILITY

ንብ ኢንተርናሽናል ባንክ
Nib InternationalBank
ርናሽናል ባንክ 25ኛ ዓመት
በዓል "የሠራተኞች ቀን"

ንብ ኢንተርናሽናል ባንክ
Nib InternationalBank

Online

Online

CHALLENGES ENCOUNTERED

A combination of internal and external factors has posed significant challenges on the Bank's overall operations and performances in the reporting year.

The external environment has been heavily influenced by the fragility of the global economy, marked by persistent inflationary pressures and changes of dynamics in the foreign exchange market. Domestically, the situation has been further compounded by political instability and ongoing conflicts in various parts of the Country.

In addition, the financial sector is facing intense competition alongside increasing customer bargaining power, particularly in terms of deposits and foreign currency generation. These factors continue to create a highly challenging operating landscape for financial institutions in general and Nib International Bank in particular.

Though the shareholders of the Bank did subscribe to buy additional shares, those that have settled their due remained significantly low affecting the plan to raise more capital to make the Bank more risk resilient.

Even though significant improvements have been made in key areas like liquidity management, RTGS operations and regulatory compliances, regaining stakeholders' confidence still requires much more collaboration among the major stakeholders of the Bank.

The high composition of Fixed Time Deposits (FTDs) from the total deposits' portfolio represents a high cost of funds.

FUTURE PLANS

The Bank has developed its 4th three-year strategy plan and five-year roadmap redefining its vision, mission, and core values. Unlike the previous strategy, the scope of this one is an all-encompassing task that included a full diagnostic analysis, the crafting of a three-year strategy plan document, the design of a new organizational structure and performance measurement scheme, and the development of change-management, strategy implementation, and capacity development approaches, all done in-house by the Bank's employees.

NIB aspires to be a trusted partner for economic empowerment by enhancing employee engagement and leveraging appropriate technology in line with ongoing policy reforms by the government and the changing competitive landscape. Given the market dynamism and the ongoing organizational reforms, the year 2025/26 is set to lay the foundation for the Bank's future growth and development.

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

Thus, our priorities for the financial year 2025/26 include the following:

☑ NIB will introduce a strict performance management system (Balanced Scorecard) across all levels to foster a culture of execution among employees.

☑ NIB will implement a new, innovative, and cost-effective resource mobilization strategy to attract both local currency and FX deposits.

☑ NIB will upgrade its automation and digitalization to improve efficiency, reduce costs, and enhance the quality of its services.

☑ Strengthen strategic partnerships with various domestic and international businesses to help achieve corporate goals.

☑ NIB plans to reorganize its branches by merging and relocating some, opening specialized "smart branches," and implementing standardized service time to reduce customer wait times and boost efficiency.

☑ NIB plans to finalize all its ongoing IT projects and build a secure, efficient, and well-governed IT organization. This will serve as a foundation for a competitive advantage by making automation, including the use of AI-powered chatbots and virtual assistants, a core part of its operations.

☑ NIB will also focus on continuously improving assets quality with a special focus to the reduction of non-performing loans.

☑ NIB will focus on increasing the use of its card, mobile, and internet banking services. It plans to be more accessible to customers through digital and agent banking services, as well as the QR Code services.

☑ Strengthen its corporate governance and risk management capabilities to ensure sustainable growth of the Bank.

☑ NIB will improve employee motivation and engagement by providing better access to digital tools, promoting a high-performing culture, and offering continuous, job-oriented training to enhance staff skills and help meet targets.

VOTE OF THANKS

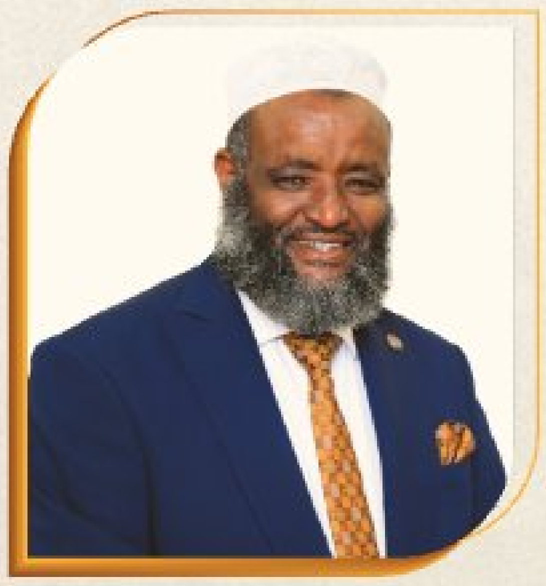
Finally, the Board of Directors of the Bank would like to recognize the vital roles played by various stakeholders for the reformative changes implemented in the Bank during the financial year 2024/25. In this regard, the Board is pleased to express its deep gratitude to the National Bank of Ethiopia for its guidance & support; the management members and the entire staff of the Bank for their diligence, commitment and dedication; our shareholders for their trust and support and above all to the esteemed customers for their unwavering confidence and loyalty.

Shisema Shewaneka
Chairman
October 2025

SHARI'AH
ADVISORY BOARD

ንብ ሀላል نب حلال

የተሟላ ከወለድ ነፃ የባንክ አገልግሎት



SHEIK ABRAR SHIFA

Chairman

USTAZ ABDULGEFAR SHERIF

Member

ንብ ሀላል ከወለድ ነጻ የባንክ አገልግሎት

- ☑ ወዲዓህ አማና የቁጠባ ሒሳብ
- ☑ ወዲዓህ መደበኛ የቁጠባ ሒሳብ
- ☑ ወዲዓህ ልዩ የቁጠባ ሒሳብ
- ☑ ወዲዓህ ጎጆ ጉዞ የቁጠባ ሒሳብ
- ☑ ወዲዓህ ንብ ቀፎ የቁጠባ ሒሳብ
- ☑ ወዲዓህ ሐጅ የቁጠባ ሒሳብ
- ☑ ወዲዓህ ዘካ የቁጠባ ሒሳብ
- ☑ ወዲዓህ የተማሪዎች የቁጠባ ሒሳብ
- ☑ ወዲዓህ የልጆች የቁጠባ ሒሳብ
- ☑ ወዲዓህ መታወቂያ የሌላቸው የቁጠባ ሒሳብ

- ☑ ሙዷረባህ መደበኛ የቁጠባ ሒሳብ
- ☑ ሙዷረባህ ሐዋ የሴቶች የቁጠባ ሒሳብ
- ☑ ሙዷረባህ የልጆች የቁጠባ ሒሳብ
- ☑ ሙዷረባህ ሐጅ የቁጠባ ሒሳብ
- ☑ ሙዷረባህ የጊዜ ገደብ ተቀማጭ
- ☑ ሙዷረባህ እቁብ የቁጠባ ሒሳብ
- ☑ ሙዷረባህ ማኅበራዊ የቁጠባ ሒሳብ
- ☑ ሙዷረባህ አራሼ የቁጠባ ሒሳብ

SHARI'AH ADVISORY BOARD REPORT

In accordance with the responsibilities outlined in the Bank's Shari'ah Advisory Board Charter, the Board is pleased to present its Annual Shari'ah Compliance Report of Nib International Bank S.C for the financial year 2024/25.

As part of its advisory responsibilities, the Board held both regular and ad-hoc meetings throughout the year to oversee the compliance of the Bank's Interest-Free Banking (IFB) Businesses with Shari'ah rules and principles.

During the period, the Board has reviewed and approved existing and new IFB products and services and contracts, reviewed and advised on the development of IFB policy, pricing and procedures and engaged with customers to raise awareness and build confidence in the Bank's IFB services.

As the Board's role is to provide independent oversight on Shari'ah compliance, the Bank's Management retains full responsibility for ensuring that all IFB activities are conducted in accordance with Shari'ah principles, the rulings (Fatwas) of the Board, directives of the National Bank of Ethiopia, and the Bank's internal policies and procedures.

In our opinion, based on a comprehensive review of the Bank's IFB operations and related reports for the year ended June 30, 2025, the Board concludes that the provision of IFB services by the Bank was carried out in compliance with Shari'ah rules and principles.

Sheik Abrar Shifa
Chairman

Ustaz Abdulgefar Sherif
Member

TATARI

ታታሪ ሴት
የቁጠባ ሒሳብ!

የዛሬ ቁጠባሽለነገ ህይወትሽ

9698
24/7
በነጻ ይደውሉ

02

PHOTO GALLERY

BOARD OF DIRECTORS TRAINING

DISCUSSION ON THE NEW STRATEGY

| NIBtera Online & NEW STRATEGY

Cash Out
Cash Out
Enter the amount to cash out from your account.
Withdrawals

25TH ANNIVERSARY

STAKEHOLDER ENGAGEMENT SESSIONS

MARKETING CAMPAIGN PROGRAMS

YEKAKE WORDWET FULL-FLEDGED FEMALE SERVANTS
BRANCH LAUNCHING PROGRAM

PARTNERSHIP PROGRAMS

PARTNERSHIP WITH **CBE CAPITAL INVESTMENT BANK**

MASTERCARD **LAUNCHING CEREMONY**

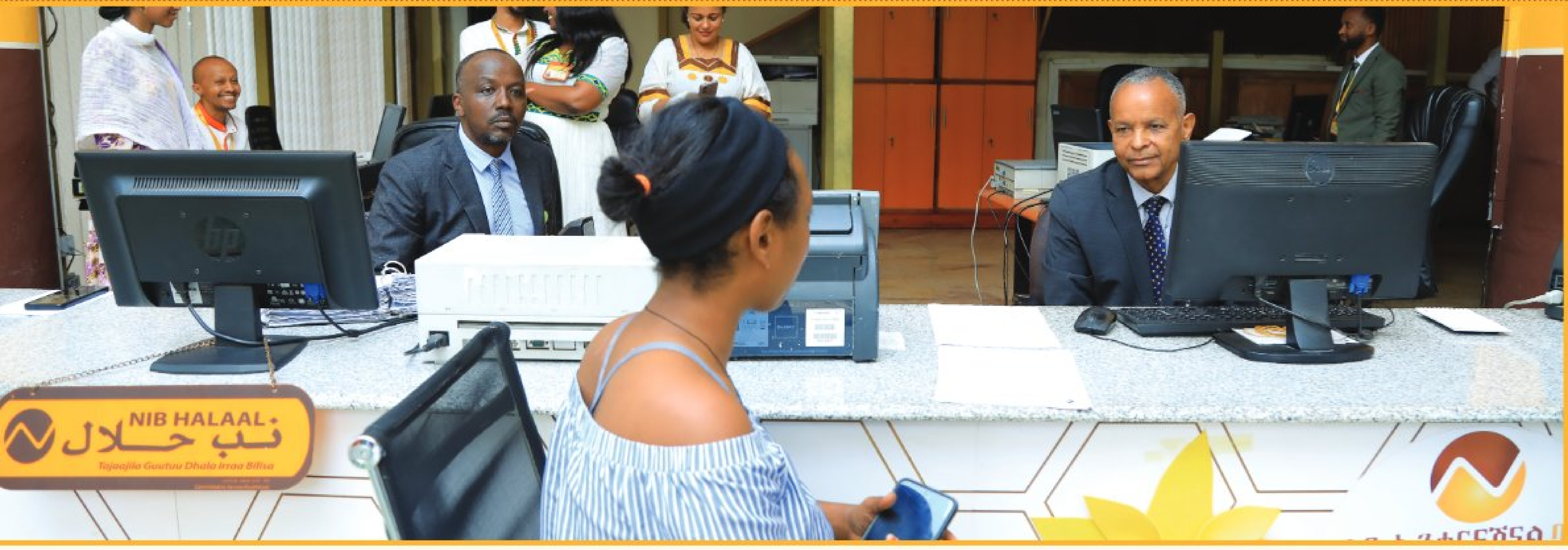
ንብ ኢንተርናሽናል ባንክ
Nib InternationalBank
mastercard
በንብ ኢንተርናሽናል ባንክ እና በማስተር ካርድ
መካከል የተደረገ የሥራ ማስጀመሪያ መርኀ-ግብር

PARTNERSHIP **PROGRAMS**

Memorandum of Understanding
Between NIB International Bank
and Finnish Refugee Council

ETHIO FINANCE FORUM **2025**

NIB **SERVANT DAY**


NIB HALAAL
نب حلال
Tajaajila Guutuu Dhala Irraa Bilisa

GREEN DEVELOPMENT PROGRAM

HONORING OUR 5-TIME **PLATINUM AWARD**

ንብ ኢንተርናሽናል ባንክ
Nib InternationalBank

ግብር፤ ለሀገር ክብር!

ታማኝ ግብር ከፋዮች የእውቅና ሥነ ሥርዓት 2018 ዓ.ም

ለ5 ተከታተይ ዓመታት
ታማኝ ግብር ከፋይ በመሆን
የፕላቲኒየም ደረጃ የዕውቅና ተሸላሚ

ንብ ኢንተርናሽናል ባንክ
Nib InternationalBank

NIB Premium

Women Saving

Invest in You

The
Premium Way

Please Visit www.nibbanksc.com for m

ንብ ኢንተርናሽናል ባንክ
Nib InternationalBank

ንብ የተማሪዎች ቁጠባ ሒሳብ

የንብ ባንክ የዲጂታል አማራጮችን በመጠቀም የትምህርት ቤት ክፍያዎን መፈጸም ይችላሉ፡፡

አገልግሎቱን ለማግኘት በአቅራቢያዎ ወደሚገኝ የባንካችን ቅርንጫፍ ጎራ ይበሉ!

ለወደፊት ስኬቴ፣ ዛሬ እቆጥባለሁ!

03

AUDITORS' REPORT

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
DIRECTORS, PROFESSIONAL ADVISOR AND REGISTERED OFFICE
FOR THE YEAR ENDED 30 JUNE 2025

Directors		Appointment date
Ato Shisema Shewaneka	Chairman	02, February 2024
Dr. Wondimu Tekle	Deputy Chairman	02, February 2024
Dr. Mehari Mekonnen	Director	02, February 2024
Ato Zenebe Burka	Director	01, May 2025
Ato Abera Shire	Director	02, February 2024
Ato Salahadin Ibrahim	Director	02, February 2024
Ato Seifu Awash	Director	02, February 2024
Woy Genet Weldie	Director	02, February 2024
Ato Benti Sirani	Director	02, February 2024
Ato Zewdie Serbaro	Director	02, February 2024
Ato Taffesse Yirga	Director	02, February 2024
Ato Mamushet Afework	Director	02, February 2024

Executive management		
Ato Henok Kebede	Chief Executive Officer	11, May 2024
Ato Samson Amdisa	Chief Finance Officer	27, May 2024
Ato Assefa Jeza	Chief Facilities Officer	27, May 2024
Ato Dawit Teferra	Chief Information Officer	01, May 2023
Ato Muluken Demisse	Chief Retail & SME Banking Officer	17, March 2025
Ato Belay Gorfu	Chief Strategy Officer	27, May 2024
Ato Girma Fekede	Chief Wholesale Banking Officer	27, May 2024
Woy Haregeweyin Amsale	Deputy Chief International Banking Officer	27, May 2024
Ato Zewdu Hakimu	Deputy Chief, Human Capital Officer	27, May 2024
Ato Eristu Kemal	Deputy Chief, Interest Free Banking Officer	20, February 2023
Ato Ashenafi Sida	Senior Director, Internal Audit	06, June 2024
Ato Endalew Bazezew	Senior Director, Risk Management and Compliance	04, June 2024
Ato Daniel Ergogo	Acting Deputy Chief, Credit Operation Officer	27, May 2024
Ato Melesew Birhanu	Acting Deputy Chief, Digital Banking Officer	01, July 2024

Independent auditor
TAY Authorized Accountant & Auditors
Kirkos Sub City, Woreda 02, Kebele 02/03, House No. 121 Addis Ababa Ethiopia Ababa Ethiopia

Corporate office
Ras Abebe Aregay AvenueIn front of Addis Ababa University School of Commerce P.O.Box 2439 Addis Ababa, Ethiopia

Company Secretary
Ato Osman Ali, Ras Abebe Aregay Avenue In front of Addis Ababa University School of Commerce P.O.Box243

ቁ. 5
Original Copy Submitted to the board

No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
REPORT OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2025

The directors submit their report together with the financial statements for the year ended 30 June 2025, 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 ((as amended by 592/2008) 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

The Bank's results for the year ended 30 June 2025 are set out on page 8. The loss for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2025 Birr'000	**30 June 2024 Birr'000**
Interest income	9,167,824	9,653,205
Profit before tax	(2,872,539)	1,204,880
Income tax expense	(105,354)	(247,860)
Profit for the year	(2,977,892)	957,020
Other comprehensive income, net of taxes	82,813	950
Total comprehensive income for the year	**(2,895,079)**	**957,970**

Directors

The directors who held office during the year and to the date of this report are set out on page 76.

Shisema Shewaneka
Chairman, Board of Directors
Addis Ababa, Ethiopia

No. 4

T A Y Authorized Accountants & Auditors

ቁ. 5
Accounting and Auditing Board of Ethiopia

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2025

In accordance with the Banking Business Proclamation No. 84/1994 (as amended by 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 r4eplaced, from time to time.

The Bank's Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Commercial Code of Ethiopia of 1960 (as replaced by Commercial code of Ethiopia no.1243/2021), 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 judgments and estimates, in conformity with International Financial Reporting Standards, Banking Business Proclamation, Commercial Code of Ethiopia 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 accepts 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:

Shisema Shewaneka
Chairman, Board of Directors

Henok Kebede
Chief Executive Officer

No. 4

TAY Authorized Accountants & Auditors

Original Copy Submitted to the board

TAY
TAY Audit Service Limited Liability Partnership
ቲ.ኤ.ዋይ. የኦዲት አገልግሎት ኃላፊነቱ የተወሰነ ሽርክና ማኅበር

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF NIB INTERNATIONAL BANK SHARE COMPANY

TO - THE SHAREHOLDERS OF THE BANK

Opinion

We have audited the financial statements of Nib International Bank Share Company, which comprise the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly in all material respects, the financial position of Nib International Bank Share Company as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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 Matters

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, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

The other information comprises the information included in the Annual Report for the year ended 30 June 2025, which includes the Directors' Report. The other information does not include the financial statements and our report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Directors' Report identified above and, in doing so, consider whether the report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and those Charged with Governance for the Financial Statements

Those charged with governance of the bank are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of the Company's report that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance of the bank are responsible for assessing

Nib International Bank S.C. No. 4
TAY Authorized Accountants & Auditors
ቁ. 5 Original Copy Submitted to the board

the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the company's report as a whole is 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. We describe these, matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4

Report On Other Legal and Regulatory Requirements

As required by proclamation no. 1243/2021 of the Commercial Code of Ethiopia, and based on our audit, we report as follows;

- Pursuant to Article 349 (1) of the Commercial Code of Ethiopia and based on our reviews of the Directors Report, we have not noted any matter that we may bring to your attention.

- Pursuant to Article 349 (2) of the Commercial Code we recommend approval of the financial statements by the shareholders of the bank.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tesfa Tadesse, MSc, FCCA.

TAY Audit Service LLP

Addis Ababa

22 October 2025

No. 4

ቁ. 5
Accounting and Auditing Board of Ethiopia

NIB INTERNATIONAL BANK

FINANCIAL STATEMENT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30 June 2025 ETB '000	30 June 2024 ETB '000
Interest income calculated using the EIR Method	5	9,167,824	9,653,205
Interest Expense	6	(4,818,118)	(4,440,339)
Interest expense: Lease Liabilities	6a	(14,575)	(12,423)
Net Interest Income		**4,335,131**	**5,200,443**
Fee and commission income	7	1,402,820	795,774
Fee and commission expense	7	(98,789)	(82,431)
Net fees and commission income		**1,304,031**	**713,343**
Other operating income	8	475,329	334,581
Total operating income		**6,114,491**	**6,248,368**
Impairment charge on loan and Advance	9	57,603	(239,400)
Impairment Charge on other asset	10	86,001	(162,434)
Impairment Charge on deposit with other banks	14a	(94)	(167)
Impairment Charge on NBE Bills	17	(28)	(55)
Impairment losses on loan commitment & financial guarantee	27	(333,157)	(1,666)
Net operating income		**6,024,816**	**5,844,645**
Operating expenses			
Employee benefits expenses	11	(2,831,642)	(2,913,517)
Amortisation of intangible assets	24	(26,030)	(11,418)
Depreciation and impairment of right-of-use asset	22	(477,287)	(406,761)
Depreciation and impairment of property, plant and equipment	23	(181,800)	(150,173)
Loss on FX revaluations and Transactions	12a	(4,413,073)	(256,248)
Other operating expenses	12	(986,749)	(928,732)
		(8,916,580)	**(4,666,848)**
Profit before tax and share of income from associates		(2,891,764)	1,177,797
Share of net profit of associate accounted for using the equity method	18	19,225	27,083
Profit before tax		**(2,872,539)**	**1,204,880**
Income tax expense	13(a)	(105,354)	(247,860)
Profit after tax		**(2,977,892)**	**957,020**
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	30a	35,243)	1,539
Deferred tax (liability)/asset on remeasurement gain or loss	13d	10,573	(462)
		(24,670)	**1,077**
Gain on change in Fair Value of Investment Securities	16a	153,548	(182)
Deferred tax (liability)/asset on gain on change in fair value of equity securities	13d	(46,064)	55
		107,484	**(127)**
Total of Other Comprehensive income		**82,813**	**950**
Total comprehensive income for the period		**(2,895,079)**	**957,970**
Basic & diluted earnings per share (Birr)	32	(192)	70

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

The financial statements were approved and authorized for issue by the Directors and Management on October 16, 2025 and were signed on its behalf by:

Shisema Shewaneka
Chairman, Board of Directors

Henok Kebede
Chief Executive Officer

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30 June 2025 ETB '000	30 June 2024 ETB '000
ASSETS			
Cash and bank balances	14a	8,093,808	6,265,206
Loans, Advances, and IFB Financing to Customers, net	15	44,070,214	48,472,677
Investment securities:			
- Fair value through other comprehensive income	16a	644,914	475,324
- Amortzed cost (NBE Bills)	17	4,853,367	4,295,441
Investment in associates	18	123,645	98,945
Other financial assets	19	1,842,980	1,493,345
Other non-financial assets	20	1,013,275	584,223
Non - Current Asset Held for Sale	20a	391,204	177,479
Investment property	21	22,377	21,173
Intangible assets	24	128,668	154,698
Right-of-use asset	22	639,892	703,063
Property, plant and equipment	23	4,335,074	4,296,440
Total Assets		**66,159,417**	**67,038,015**
Equity and Liabilities			
Liabilities			
Deposits from customers	25	51,337,461	45,058,301
Borrowings	26	1,547,510	5,383,766
Current tax liabilities	13c	42,219	326,151
Other financial liabilities	27	2,024,136	493,933
Other non-financial liabilities	28	3,063,686	4,787,106
Lease liabilities	29	233,757	184,100
Retirement benefit obligations	30a	315,218	408,386
Deferred tax liabilities	13d	127,582	28,956
Total Liabilities		**58,691,569**	**56,670,699**
Equity			
Share Capital	31	7,827,260	7,580,411
Regulatory risk reserve	4.2.7	740,528	617,388
Retained earnings	33	(3,673,125)	(378,167)
Legal reserve	34	2,324,925	2,388,938
Special reserve	35	2,600	2,500
Other comprehensive income	34b	237,234	154,422
IFB Reserve Balance	34a	8,425	1,824
Total Capital		**7,467,848**	**10,367,316**
Total Liability and Equity		**66,159,417**	**67,038,015**

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

The financial statements were approved and authorized for issue by the Directors and Management on October 16, 2025 and were signed on its behalf by:

Shisema Shewaneka
Chairman, Board of Directors

Henok Kebede
Chief Executive Officer

No. 4

TAY Authorized Accountants & Auditors

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

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash flows from operating activities			
Cash generated from operations	36		
		(1,045,085)	3,374,030
Proceeds of deposits from customers	25	6,279,160	(14,302,552)
Interest received	5	9,167,824	9,653,205
Interest paid	6	(4,818,118)	(4,440,339)
Interest paid: Lease liabilities	6	(16,041)	(4,343)
Defined benefit paid	30a	(26,860)	(16,767)
Directors allowance paid	33	(1,800)	(1,800)
Allowance for Board of director's election nomination committee paid			
Income tax paid			-
		(326,151)	(469,996)
Net cash (outflow)/inflow from operating activities			
		9,212,930	**(6,208,563)**
Cash flows from investing activities			
Purchase of equity investments	16	(53,453)	(32,665)
Purchase of intangible assets	24	-	(93,169)
Payment for construction in progress	20	(57,941)	(68,362)
Payment for right-of-use asset	22	(496,291)	(271,565)
Purchase of property, plant and equipment	23	(161,815)	(252,753)
Redemption/Purchase of NBE Bills	14a	(558,169)	(1,004,986)
Additional investment in associates	18	(46,521)	(43,506)
Dividend collected from associates	18	21,821	11,113
Net cash (outflow)/inflow from investing activities			
		(1,352,368)	**(1,755,893)**
Cash flows from financing activities			
Proceeds from issues of shares	17	246,849	1,579,191
Proceeds from borrowings	26	(3,836,256)	2,766,962
Repayment of lease liabilities: principal portion	22	(66,885)	(113,302)
Dividend paid	33	-	(1,048,037)
Net cash (outflow)/inflow from financing activities		**(3,656,292)**	**3,184,814**
Net increase/(decrease) in cash and cash equivalents		**4,204,270**	**(4,779,641)**
Cash and cash equivalents at the beginning of the year	14a	6,265,206	12,065,870
Change statutory reserve with NBE	14a	1,077,000	(1,031,021)
Effect of exchange rate movement on cash and cash equivalents	36	(3,452,668)	9,997
Cash and cash equivalents at the end of the year	14a	**8,093,808**	**6,265,206**

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

The financial statements were approved and authorized for issue by the Directors and Management on October 16, 2025 and were signed on its behalf by:

ቁ. 5
Original Copy Submitted to the board

Shisema Shewaneka
Chairman, Board of Directors

Henok Kebede
Chief Executive Officer

No. 4
Nib International Bank S.C.

TAY Authorized Accountants & Auditors

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Share capital Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Special reserve Birr'000	Regulatory risk reserve Birr'001	Regulatory risk reserve Birr'000	Other comprehensive income Birr'000	IFB Reserve Balance Birr'000	Total Birr'000
As at 1 July 2024		**7,580,411**	**(378,167)**	**2,388,934**	**2,500**	-	**617,388**	**154,421**	**1,824**	**10,367,311**
Prior years Adjustment	33		(192,026)	(64,009)		-				**(256,035)**
Adjusted Opening Bal of 1 July 2024		**7,580,411**	**(570,193)**	**2,324,925**	**2,500**	-	**617,388**	**154,421**	**1,824**	**10,111,277**
Profit for the year			(2,977,892)	-	-	-	-		-	**(2,977,892)**
Net other comprehensive income for the year			-	-	-	-	-	82,813	-	**82,813**
Issue of shares	31.1	246,849	-	-	-	-	-	-	-	**246,849**
Transfer to legal reserve	34	-	-	-	-	-	-	-	-	-
Transfer to special reserve	33	-	(100)	-	100	-	-	-	-	-
Transfer to regulatory risk reserve	33	-	(123,140)	-	-	-	123,140	-	-	-
Dividend paid		-		-	-	-	-	-	-	-
Board of directors' remuneration	33	-	(1,800)	-	-	-	-	-	-	**(1,800)**
Allowance for Board of director's election nomination committee		-	-	-	-	-	-	-	-	-
Profit Equalization and Investment Risk Reserve	34a	-	-	-	-	-	-	-	6,601	**6,601**
As at 30 June 2025		**7,827,260**	**(3,673,125)**	**2,324,925**	**2,600**	-	**740,528**	**237,234**	**8,425**	**7,467,848**

	Notes	Share capital Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Special reserve Birr'000	Regulatory risk reserve Birr'001	Regulatory risk reserve Birr'000	Other comprehensive income Birr'000	IFB Reserve Balance Birr'000	Total Birr'000
As at 1 July 2023		**6,001,221**	**175,614**	**2,149,683**	**2,400**	-	**395,779**	**153,472**	**1,321**	**8,879,490**
Prior years Adjustment						-	-			
Profit for the year	33	-	957,020	-	-	-	-	-		
Net other comprehensive income for the year		-	-	-	-	-	-	950		957,930
Issue of shares	31	1,579,191			-	-	-	-	-	1,579,191
Transfer to legal reserve	34	-	(239,255)	239,255	-	-	-	-	-	-
Transfer to special reserve	35	-	(100)	-	100	-	-	-	-	-
Transfer to regulatory risk reserve		-	(221,609)	-	-	-	221,609	-	-	-
Dividend paid	33	-	(1,048,037)	-	-	-	-	-	-	(1,048,037)
Board of directors' remuneration	33	-	(1,800)	-	-	-	-	-	-	(1,800)
Allowance for Board of director's election nomination committee	33	-	-	-	-	-	-	-	-	-
Profit Equalization and Investment Risk Reserve	41	-	-	-	-	-	-	-	503	503
As at 30 June 2024		**7,580,411**	**(378,167)**	**2,388,934**	**2,500**	-	**617,388**	**54,421**	**1,824**	**10,367,311**

The accompanying notes are an integral part of these financial statements.
The financial statements were approved and authorized for issue by the Directors and Management on October 16, 2025 and were signed on its behalf by:

No. 4

ቁ. 5
0118861296
0111541235
Original Copy Submited to the board

TAY Authorized Accountants & Auditors

Shisema Shewaneka
Chairman, Board of Directors

Henok Kebede
Chief Executive Officer

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 (as replaced by Commercial code of Ethiopia of 1243/2021) and the Licensing and Supervision of Banking Business Proclamation No. 84/1994 (as amended by 592/2008). The Bank registered office is at:

Ras Abebe Aregay 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 client's 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 2025 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. All values are rounded to the nearest thousands, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (ETB' 000).

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

2.2.1. Going concern

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

TAY Authorized Accountants & Auditors
Accounting and Auditing Board of Ethiopia ቁ. 5
Nib International Bank S.C. No. 4

2.2.2. New standards and amendments to existing standards

a. New Standards, amendments, interpretations issued, effective and adopted during the year

New Standards or amendments	Effective for annual periods beginning on or after
Amendment to IAS 1-Non-current liabilities with covenant	1-Jan-24
Amendment to IFRS 16- Lease on sale and leaseback	1-Jan-24
Amendment to suppliers finance arrangement (IAS 7 and IFRS 7)	1-Jan-24
IFRS S1 General requirements for disclosure of sustainability related financial information	1-Jan-24)
IFRS S2 Amendments to Climate related disclosures	1-Jan-24

b. New Standards or amendments	Effective for annual periods beginning on or after
Amendment to IAS 21-Lack of exchangeability (Amendment to IAS 21)	1-Jan-25

2.3. Investment in associates

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

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

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

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

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

2.4. Foreign currency translation

a) Functional and presentation currency

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

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. Monetary items denominated in foreign currency are translated using the mid-rate as at the reporting date.

2.5. Recognition of income and expenses

Revenue is measured at the fair value of the consideration received or receivable, and represents the amounts receivable for services provided in the normal course of business, net of taxes or duty.

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. Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. 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.

The Bank, earns income from interest on loans given to domestic trade and services, import, export, transport, real estate, building and construction, manufacturing, agriculture and personal loans, commission and service charges. Other incomes include service charges and commissions on letter of credits and performance guarantees.

The bank recognises income from Interest Free Banking (IFB) services at the fair value of considerations received or receivable.

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 an integral part of the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate and recognised using the effective interest method.

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 income such as those related to drafts, cash payment orders (CPO), letters of credit (LC), and letters of guarantee are recognised in accordance with IFRS 15 Revenue from Contracts with Customers, based on the satisfaction of performance obligations.

For services such as letters of credit, guarantees, and similar instruments, revenue is recognised over time, as the Bank provides a continuous service by standing ready to perform under the terms of the arrangement throughout the contractual period. These fees are typically recognised on a straight-line basis, as this method most accurately reflects the pattern of service delivery.

TAY Authorized Accountants & Auditors
Original Copy Submitted to the board
No. 4
Nib International Bank S.C.

For transaction-based services, such as commissions on drafts and cash payment orders, revenue is recognised at a point in time, when the service is fully performed and the customer obtains the benefit of the completed transaction.

The Bank assesses the nature of each contract to determine whether performance obligations are satisfied over time or at a point in time, and applies the appropriate revenue recognition method accordingly.

2.5.3. Dividend income

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

2.5.4. Foreign exchange revaluation gains or losses

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

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 or minus 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 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 level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Bank's management;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

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

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

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

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

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

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

- Contingent events that would change the amount and timing of cash flows;

- Leverage features;

- Prepayment and extension terms;

- Terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and

- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

ii) Financial liabilities

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

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, Contingent Liabilities and Contingent Assets; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

c. Impairment

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

The Bank recognises 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 is 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 always be measured at an amount equal to lifetime ECL.

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

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

i) Measurement of ECL

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

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

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

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

ii) Restructured financial assets

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

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

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

iii) Credit-impaired financial assets

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

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

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

- Significant financial difficulty of the borrower or issuer;

- A breach of contract such as a default or past due event;

- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- The disappearance of an active market for a security because of financial difficulties.

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

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

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

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- For loan commitments and financial guarantee contracts: generally, as a provision;

- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

For debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance shall be disclosed and is recognised in the fair value reserve.

v) Write-off

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

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

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

vi) Non-integral financial guarantee contracts

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

Where the Bank determines that the guarantee is an integral element of the financial asset, then any premium

TAY Authorized Accountants & Auditors
ቁ. 5
0118861296
0111541235
Original Copy Submitted to the board
No. 4

payable in connection with the initial recognition of the financial asset shall be treated as a transaction cost of acquiring it. The Bank shall consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

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

d. Derecognition

i) Financial assets

The Bank shall derecognise a financial asset when:

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

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

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

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

ii) Financial liabilities

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

e. Modifications of financial assets and financial liabilities

i) Financial assets

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

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

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs shall be included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

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

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

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

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 counter party (customer) based on a promise received from that counter party 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 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 'effective

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4

interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

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

b. Amortised cost and gross carrying amount

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

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

c. Calculation of interest income and expense

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

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

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

d. Presentation

Interest income and expense presented in the statement of profit or loss and OCI include: Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; on an effective interest basis;

- Interest on debt instruments measured at amortized cost calculated on an effective interest basis;

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

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

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

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

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

TAY Authorized Accountants & Auditors
Original Copy Submited to the Board
ቁ. 5
Nib International Bank S.C.
No. 4

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 measures:

- 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.

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

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

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

Bank as a lessor

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

2.10. Cash and cash equivalents

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held 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

2.11. Property, plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition or replacement of parts of the assets when the recognition criteria are met. The Bank applies a capitalization threshold of ETB 2,000, whereby expenditures below this amount are expensed as incurred unless they form part of a larger capital project. When significant parts of an asset have different useful lives, such parts are recognized as separate assets and depreciated accordingly. All other repair and maintenance costs are charged to the income statement as incurred.

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

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

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)	Residual Value
-Buildings	50	5%
-Motor vehicles	10	5%
Furniture & fittings:		
- Medium lived	10	1%
- Long lived	20	1%
Computer and related items	7	1%
Equipment:		
- Short lived	5	1%
- Medium lived	10	1%

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

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The assets under lease agreement (right of use assets) are depreciated over lease period.

2.12. Intangible assets

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

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

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

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

2.13. Investment property

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

TAY Authorized Accountants & Auditors
Original Copy Submitted to the board
No. 4 Nib International Bank S.C.

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

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

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

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

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

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

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

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

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

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

2.15. Impairment of non-financial assets

The Bank assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (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.

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.

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
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

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.

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;

Both schemes are 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, if the contract of employment is terminated by initiation of the employee after serving five years and by employer if the employee served one year. In addition, it is only paid if the employee resigns before reaching the retirement age. 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.

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

TAY Authorized Accountants & Auditors
Original Copy Submited to the board
No. 4

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

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

(b) Deferred tax

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

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

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

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

3. Significant accounting judgments, estimates and assumptions

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

Other disclosures relating to the Bank's exposure to risks and uncertainties includes:

- Capital management

TAY Authorized Accountants & Auditors
ቁ. 5
Original Copy Submited to the board
No. 4

- Financial risk management and policies Note 4

Judgments, estimates and assumptions

In the process of applying the Bank's accounting policies, management has made the following judgments, 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.

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 cash flow 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 consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Defined benefit plans

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

Depreciation and carrying value of property, plant and equipment

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

Impairment of non-financial assets

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

Income Taxes

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

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

Development cost

The Bank capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The development costs that were capitalised by the Bank relates to those arising from the development of computer software.

4. Financial risk management

4.1. Introduction

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4

to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk.

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

4.1.1. Risk management structure

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

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

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

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

4.1.2. Risk measurement and reporting systems

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

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

4.1.3. Risk mitigation

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

The adequacy of these mitigates 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 Bank's loans and advances to customers and other banks and other financial assets.

Exposure to credit risk is managed through periodic analysis of the ability of borrowers and potential borrowers to determine their capacity to 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.

	2025			
In ETB'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost				
Stage 1 – Pass	35,934,699	-	-	**35,934,699**
Stage 2 – Special mention	-	6,242,174	-	**6,242,174**
Stage 3 - Non performing	-	-	2,510,105	**2,510,105**
Total gross exposure	**35,934,699**	**6,242,174**	**2,510,105**	**44,686,978**
Loss allowance	(170,249)	(150,409)	(296,106)	**(616,764)**
Net carrying amount	**35,764,450**	**6,091,764**	**2,213,999**	**44,070,214**

In ETB'000	**2025**			
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	12 Month ECL	8,094,149	(341)	**8,093,808**
Investment securities (debt instruments)	12 Month ECL	4,853,610	(243)	**4,853,367**
Financial assets	Lifetime ECL	1,940,054	(97,074)	1,842,980
Totals		**14,887,813**	**-97,658**	**14,790,155**

TAY Authorized Accountants & Auditors
Accounting and Auditing Board of Ethiopia
Nib International Bank S.C. No. 4

NIB INTERNATIONAL BANK

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATMENTS

FOR THE YEAR ENDED 30 JUNE 2025

	2024			
In ETB'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost				
Stage 1 – Pass	36,930,113	-	-	**36,930,113**
Stage 2 – Special mention	-	8,415,409	-	**8,415,409**
Stage 3 - Non performing	-	-	**3,572,269**	**3,572,269**
Total gross exposure	**36,930,113**	**8,415,409**	**3,572,269**	**48,917,791**
Loss allowance	(542,762)	(103,389)	(128,217)	**(774,367)**
Net carrying amount	**36,387,351**	**8,312,020**	**3,444,053**	**48,143,424**

In ETB'000	**2025**			
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	12 Month ECL	6,265,452	(247)	6,265,206
Investment securities				
(debt instruments)	12 Month ECL	3,290,670	(215)	3,290,455
Financial assets	Lifetime ECL	1,676,420	(183,076)	1,493,345
Totals		**11,232,543**	**(183,537)**	**11,049,005**

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

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 2025	Maximum exposure to credit risk ETB '000	Secured against real estate and PPE ETB '000	Bank guarantees and Shares ETB '000	Multiple Collaterals ETB '000	Others ETB '000	Total ETB '000
Loans and advances to						-
- Agriculture	284,555	2,033,009	1,835	-	2,200	2,037,044
- Manufacturing	8,301,142	15,064,595	8,292	5,348,563	979,263	21,400,713
- Domestic Trade and Service	6,400,927	15,742,008	28,108	1,063,785	382,355	17,216,256
- Transport and communication	1,186,105	997,077	-	88,071	3,449,630	4,534,779
- Hotel and tourism	5,631,865	14,864,246	528	2,363,989	54,770	17,283,533
- Export	4,906,168	5,754,391	-	3,119,711	1,807,008	10,681,110
- Import	5,418,489	13,299,607	167,423	1,389,843	416,176	15,273,049
- Building and Construction	12,239,538	28,647,208	89,579	3,949,018	777,475	33,463,281
- Mines, Power and Water	87,251	536,918	-	23,084	-	560,001
- Personal	230,940	28,357	-	-	582,193	610,550
	44,686,978	**96,967,416**	**295,766**	**17,346,063**	**8,451,071**	**123,060,316**
Investment securities:						-
- FVOCI	644,914					-
- Amortzed cost (Government B	4,853,367					-
	5,498,281	-	-	-	-	-
Other assets	1,940,054	-	-	-	-	-
	1,940,054	-	-	-	-	-
Purchase commitments	-					
Loan commitments	200,996					
Guarantees	3,983,410					
Letters of credit and others	5,485,251					
	61,794,969	**96,967,416**	**295,766**	**17,346,063**	**8,451,071**	**123,060,316**

30 June 2024	Maximum exposure to credit risk ETB '000	Secured against real estate and PPE ETB '000	Bank guarantees and Shares ETB '000	Multiple Collaterals ETB '000	Others ETB '000	Total ETB '000
Loans and advances to						-
- Agriculture	359,440	708,775	1,835		13,928	724,538
- Manufacturing	8,998,415	16,819,872	206,411	742,460	391,309	18,160,052
- Domestic Trade and Service	7,175,705	17,299,015	31,755	486,989	475,727	18,293,487
- Transport and communication	1,192,642	803,544	-	95,464	2,115,574	3,014,582
- Hotel and tourism	6,090,754	13,964,269	139,818	25,723	35,894	14,165,705
- Export	5,743,627	5,648,775	7,455	209,762	2,845,592	8,711,585
- Import	6,524,655	14,293,280	247,527	100,070	174,408	14,815,285
- Building and Construction	12,551,586	28,844,823	109,330	970,686	940,440	30,865,279
- Mines, Power and Water	115,714	119,414	-	-	138,214	257,627
- Personal	494,506	678		-	1,014,408	1,015,086
	49,247,044	**98,502,445**	**744,132**	**2,631,155**	**8,145,494**	**110,023,226**
Investment securities:						-
- FVOCI	475,688					-
- Amortzed cost (Government B	3,290,670					-
	3,766,358		-		-	-
Other assets	1,676,420	-	-	-	-	-
	1,676,420	-	-	-	-	-
Purchase commitments	5,558					
Loan commitments	1,673,820					
Guarantees	3,338,812					
Letters of credit and others	605,103					
	60,313,115	**98,502,445**	**744,132**	**2,631,155**	**8,145,494**	**110,023,226**

TAY Authorized Accountants & Auditors
ቁ. 5
Original Copy Submited to the Board
No. 4
Nib International Bank S.C.

i) Loans and advances to corporate customers

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

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

ii) Investment securities designated as at FVTPL

At 30 June 2025, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL.

4.2.3. Amounts arising from ECL

i) Inputs, assumptions and techniques used for estimating impairment

see accounting policy in Note 2.6

ii) Significant increase in credit risk

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

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

- The remaining lifetime probability of default (PD) as at the reporting date; with

- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

- The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- Quantitative test based on movement in PD;

- Qualitative indicators; and

- A backstop of 30 days past due,

iii) Credit risk grades

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

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

a. Term loan exposures

Information obtained during periodic review of customer files – e.g., audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, and compliance

- Data from credit reference agencies, press articles, changes in external credit ratings

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4
Nib International Bank S.C.

- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities

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

b. Overdraft exposures

- Payment record this includes overdue status as well as a range of variables about payment ratios -Utilisation of the granted limit

- Requests for and granting of forbearance

- Existing and forecast changes in business, financial and economic conditions

iv) Generating the term structure of PD

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

v) Determining whether credit risk has increased significantly

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

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

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

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

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

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;

- The criteria do not align with the point in time when an asset becomes 30 days past due;

- The average time between the identification of a significant increase in credit risk and default appears reasonable;

- Exposures are not generally transferred directly from 12-month ECL measurement to credit- impaired; and

- There is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4
Nib International Bank S.C.

vi) Definition of default

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

The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);

- The borrower is more than 90 days past due on any material credit obligation to the Bank.
- Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

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

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

vii) Incorporation of forward-looking information

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

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

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

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

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

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Sector	**Macroeconomic factors**
Cluster 1	M2, USD
Agriculture	Nominal GDP, USD (PPP), % y-o-y
Consumer Loans	STER, Economic Growth
Overdraft	
Interest Free Financing	
Cluster 2	Savings per capita, LCU
Domestic Trade Services	Nominal GDP, LCU
Mining and Energy	Transport & communications nominal GVA, LCU
Transport	Broad money (% of GDP) - Sovereign Scorecard
Health	Legacy STPR, Policy Continuity
Merchandise	
Financial Services	Legacy Long-Term Political Risk Index
Cluster 3	PR, Security Risk
Building and Construction	M1, % of GDP
Hotel and Tourism	Consumer price index inflation, 2010=100, eop
Manufacturing and	Total employment
Production	M2, % of GDP
Industry	Real GDP growth, % y-o-y
Real Estate	
Housing and Construction	Foreign reserves ex gold, EUR
Cluster 4	Political Risk Index
Export	Lending rate, %, ave
Import	Central bank policy rate, %, eop
Advance against Import	M1, USD
Bills	
International Trade	

The Bank defined a statistically significant correlation threshold with macro-economic of 60%. The economic scenarios used included the following key indicators for Ethiopia:

TAY Authorized Accountants & Auditors
No. 5
Nib International Bank S.C. No. 4

NIB INTERNATIONAL BANK

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATMENTS

FOR THE YEAR ENDED 30 JUNE 2025

Indicator	30-Jun-23	30-Jun-24	30-Jun-25
Consumer price index inflation, 2010=100, ave	764	960	1132
Exports of goods and services, USD	10163	9435	7190
Government domestic debt, LCU	1711835	2095039	2425405
Nominal GDP, LCU	7328259	9765072	12050982
Private final consumption, LCU	5727253	7799889	9755080
Total domestic demand, LCU	7845346	10393228	12862804
Savings, LCU	1385282	2086867	2442686
Population	125	128	131
Consumer price index inflation, 2010=100, eop	767	941	1077
M1, LCU	518231	583000	659488
M2, LCU	1665828	1926860	2240723
Current expenditure, LCU	548964	616752	790988
Goods imports, USD	16011	16139	17588
Goods exports, USD	3712	3672	4362
Current account balance, USD	-4970521099	-4599280813	-4141870833
Import cover months	1	1	1
Total household spending, LCU	5529948	7514793	9371210
Nominal GDP, USD	137854	144928	113766
Real GDP, LCU (2010 prices)	1042658	1112745	1189777
Real GDP, USD (2010 prices)	72359	77223	82568
Real GDP per capita, USD (2010 prices)	579	603	629
Nominal GDP, USD (PPP)	374679	409757	443052
Private final consumption, USD	107737	115762	92092
Private final consumption per capita, USD	862	904	701
Government final consumption, LCU	499796	606563	717917
Government final consumption, USD	9402	9002	6777
Exports of goods and services, LCU	540269	635750	761652
Exports of goods and services per capita, USD	81	74	55
Imports of goods and services, LCU	1174311	1330984	1573370
Imports of goods and services, USD	22090	19754	14853
Total domestic demand, USD	147581	154251	121430
Total domestic demand per capita, USD	1181	1204	925
Unemployment, % of labour force, ave	3	3	3
Real effective exchange rate index	28	16	7
Total revenue, LCU	637727	791546	1021869
Total revenue, USD	11996	11748	9647
Total expenditure, LCU	855217	1025425	1327660
Total expenditure, USD	16088	15219	12534
Current expenditure, USD	10327	9153	7467
Budget balance, LCU	-216720442068	-233713193755	-305432803680
Budget balance, USD	-4076790444	-3468643288	-2883406958
Services imports, USD	7542	7896	8468
Services exports, USD	7196	7757	8610
Total reserves ex gold, USD	1233	1758	2929
Total external debt stock, USD	31936	37353	43601
Long-term external debt stock, USD	31548	35913	39272
Public external debt stock, USD	30447	34659	39272
Total government debt, USD	60347	54841	44573
Total debt service, USD	1776	1955	2508
M2, USD	125	128	131
Nominal GDP, USD (PPP), % y-o-y	125	128	131
STER, Economic Growth	30481	22949	16878
Savings per capita, LCU	12	9	8
Transport & communications nominal GVA, LCU	33	17	10
Broad money (% of GDP) - Sovereign Scorecard	0	0	0
PR, Security Risk	7328259	9765072	12050982
M1, % of GDP	278272	356112	484704
M2, % of GDP	23	20	19
Real GDP growth, % y-o-y	79	79	79
Foreign reserves ex gold, EUR	7	6	5
Political Risk Index	767	941	1077
Lending rate, %, ave	23	20	19
Central bank policy rate, %, eop	6	7	7
M1, USD	1135	1641	2740

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 7 years.

The below scenario weightings have been observed:

Summary of scenario weightings

Scenario	Base	Downturn (downside)	Optimistic (upside)
Cluster 1	73%	7%	20%
Cluster 2	73%	13%	13%
Cluster 3	**67%**	**13%**	**20%**
Cluster 4	**67%**	**13%**	**20%**

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment have been made the ECL for such factors. This is reviewed and monitored for appropriateness on an annual basis.

viii) Modified financial assets

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

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

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

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

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

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

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

ix) Measurement of ECL

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

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

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

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

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

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

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

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

However, for overdrafts that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in 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.

No. 4
ቁ. 5

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

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.

	2025			
In Birr'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost (on balance sheet				
Balance as at 1 July 2024	**542,762**	**103,389**	**128,217**	**774,367**
Net remeasurement of loss allowance	(372,513)	47,020	167,890	**-157,603**
Balance as at 30 June 2025	**170,249**	**150,409**	**296,106**	**616,764**

	2025			
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 2024	**247**	**215**	**183,076**	**183,537**
Net remeasurement of loss allowance	94	28	(86,001)	**(85,879)**
Balance as at 30 June 2025	**341**	**243**	**97,074**	**97,658**

	2025			
In Birr'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan commitments and financial guarantee contracts (off balance sheet				
Balance as at 1 July 2024	**1,761**	-	-	**1,761**
Net remeasurement of loss allowance	333,157	-	-	**333,157**
Balance as at 30 June 2025	**334,918**	-	-	**334,918**

	2024			
In Birr'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost (on balance sheet				
Balance as at 1 July 2023	**207,500**	**53,716**	**169,769**	**430,985**
Net remeasurement of loss allowance	335,262	49,673	(41,552)	**343,382**
Balance as at 30 June 2024	**542,762**	**103,389**	**128,217**	**774,367**

	2024			
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 2023	**79**	**160**	**20,806**	**21,045**
Net remeasurement of loss allowance	(167)	(55)	(162,269.43)	**(162,492)**
Balance as at 30 June 2024	**247**	**215**	**183,076**	**183,537**

	2024			
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 2023	**924**	-	-	**924**
Net remeasurement of loss allowance	837	-	-	**837**
Balance as at 30 June 2024	**1,761**	-	-	**1,761**

Original Copy Submited to the board
ቁ. 5
TAY Authorized Accountants & Auditors
No. 4
Nib International Bank S.C.

4.2.4. Concentrations of credit risk

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

Concentration by sector	Amount Millions of ETB	
	2025	**2024**
Agriculture	285	359
Manufacturing	8,301	8,998
Domestic Trade and Service	6,401	7,176
Transport and communications	1,186	1,193
Hotel and tourism	5,632	6,091
Export	4,906	5,744
Import	5,418	6,525
Building and Construction	12,240	12,552
Mines, Power and Water	87	116
Personal	231	495
Total	**46,712**	**49,247**

4.2.5. Net interest income

In millions of ETB	**2025**	**2024**
Interest income	9,168	9,653
Interest expense	(4,833)	(4,453)
Net interest income	**4,335**	**5,200**

4.2.6. Cash and cash equivalents

In millions of ETB	**2025**	**2024**
Unrestricted balances with central banks	334	1,375
Cash and balances with other banks	3,718	1,833
Money market placements	-	292
Total cash and cash equivalents	**6,077**	**3,500**

4.2.7. Statement of Prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the National Bank of Ethiopia (NBE) Directives. This is at variance with the expected credit loss model required by IFRS 9. As a result of the differences in the methodology/ provision, there will be variances in the impairments allowances required under the two methodologies. The proclamation 'Financial Reporting Proclamation No.847/2014 stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted.

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

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

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

A prudential provision 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 2025, the Bank transferred an amount of ETB 123.14 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 2025 ETB '000	30 June 2024 ETB '000
Total impairment based on IFRS	(1,049,341)	(959,665)
Total impairment based on NBE Directives	(1,577,481)	(1,297,272)
Difference in provisions	528,140	337,607
Legal reserve @ 25%	-	(84,402)
	528,140	**253,205**
(b) Suspended interest included within various line items under interest income	**385,307**	802,877
Income tax @30%	(115,592)	(240,863)
	269,715	**562,014**
Legal reserve @ 25%	**-**	**(140,503)**
	269,715	**421,510**
	797,855	**674,715**

No. 4

TAY Authorized Accountants & Auditors

ቁ. 5

Movements in regulatory risk reserve account	
As at July 1, 2024	**617,388**
Change in impairment	274,935
Change in suspended interest	**(151,795)**
As at June 30, 2025	**740,528**

Regulatory Risk Reserve represents an appropriation from retained earnings made in accordance with the directives of the National Bank of Ethiopia (NBE). It arises due to the difference between the impairment allowances calculated under IFRS 9 – Financial Instruments and the higher provisions required by NBE's prudential guidelines. Where the provision computed under IFRS 9 is lower than that required by the NBE, the difference is transferred from retained earnings to this reserve. This reserve is non-distributable and may only be reversed or utilized with the prior approval of the NBE.

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.

The Bank evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Bank devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Bank's reputation.

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 2025	0 - 30 days ETB '000	31 - 90 days ETB '000	91 - 180 days ETB '000	181 - 365 days ETB '000	Over 1 year ETB '000	Total ETB '000
Deposits from customers	4,465,779	5,349,709	7,684,877	6,443,384	27,393,711	51,337,461
Borrowings	-			147,510	-	147,510
Other liabilities	232,582	581,456	255,945	954,151		2,024,136
Total financial liabilities	4,698,362	5,931,165	7,940,823	7,545,046	27,393,711	53,509,107

30 June 2024	0 - 30 days ETB '000	31 - 90 days ETB '000	91 - 180 days ETB '000	181 - 365 days ETB '000	Over 1 year ETB '000	Total ETB '000
Deposits from customers	5,563,988	4,205,147.61	5,370,653	5,837,917	24,080,595	45,058,301
Borrowings		2,839,710	2,544,057	-	-	5,383,766
Other liabilities	210,708	52,677	230,548	-	-	493,933
Total financial liabilities	5,774,695	7,097,534	8,145,258	5,837,917	24,080,595	50,936,000

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

4.3.3 Maturity of Lease Liabilities

30 June 2025	0 - 30 days ETB '000	31 - 90 days ETB '000	91 - 180 days ETB '000	181 - 365 days ETB '000	Over 1 year ETB '000	Total ETB '000
Lease Liabilities				112,102	127,319	239,421
Total Lease liabilities	-	-	-	112,102	127,319	239,421

30 June 2024	0 - 30 days ETB '000	31 - 90 days ETB '000	91 - 180 days ETB '000	181 - 365 days ETB '000	Over 1 year ETB '000	Total ETB '000
Lease Liabilities				112,019	106,269.00	218,288
Total Lease liabilities	-	-	-	112,019	106,269	218,288

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 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.

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 financial institutions.

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

4.4.1. Management of market risk

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

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

(i) Interest rate risk

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

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

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

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

30 June 2025	**Fixed** **ETB '000**	**Non-interest bearing** **ETB '000**	**Total** **ETB '000**
Assets			
Cash and cash equivalents	6,824,295	1,269,513	8,093,808
Loans and advances to customers	44,070,214		44,070,214
Investment securities;			-
- Amortized cost-NBE Bills	4,853,367		4,853,367
Total	**55,747,876**	**1,269,513**	**57,017,389**
Liabilities			
Deposits from customers	51,337,461		45,058,301
Borrowings	1,547,510		5,383,766
Total	**52,884,971**	**-**	**50,442,067**

30 June 2024	**Fixed** **ETB '000**	**Non-interest bearing** **ETB '000**	**Total** **ETB '000**
Assets			
Cash and cash equivalents	4,936,067	1,329,139	4,936,067
Loans and advances to customers	48,472,677		48,472,677
Investment securities;			-
- Amortized cost-NBE Bills	4,295,441		4,295,441
Total	**57,704,185**	**1,329,139**	**57,704,185**
Liabilities			
Deposits from customers	45,058,301		45,058,301
Borrowings	5,383,766		5,383,766
Total	50,442,067	-	50,442,067

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at 30 June 2025 and 30 June 2024. 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 ETB. The Bank's foreign currency bank accounts act as a natural hedge for these transactions. Management has set up a policy to manage the Bank's foreign exchange risk against its functional currency.

The table below summarises the impact of increases/

decreases of 10% on equity and profit or loss arising from the Bank's foreign denominated liabilities and cash and bank balances.

The total foreign currency denominated assets and liabilities exposed to risk as at year end was ETB 249,379 million (30 June 2024: ETB 961.94million)."

Foreign currency denominated balances

	30 June 2025 ETB '000	30 June 2024 ETB '000
Cash and bank balances	2,470,134	109,350
Other assets	26,575	118,917
Deposits from customers	(2,747,570)	(1,202,157)
Other liabilities	1,482	11,951
	(249,379)	**(961,939)**

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:

T A Y Authorized Accountants & Auditors
No. 4 Nib International Bank S.C.
ቁ. 5 Original Copy Submited to the board

	Carrying amount ETB '000	10% increase in basis point ETB '000	10% decrease in basis point ETB '000
30 June 2025	(14,850)	(1,485)	1,485
USD	(1,050)	(105)	105
Euro	(137)	(14)	14
GBP	(225)	(23)	23
Others	**(16,262)**	**(1,626)**	**1,626**

	Carrying amount ETB '000	10% increase in basis point ETB '000	10% decrease in basis point ETB '000
30 June 2024	(948,805)	(94,881)	94,881
USD	(13,754)	(1,375)	1,375
Euro	621	62	(62)
GBP	0	0	(0)
Others	**(961,939)**	**(96,194)**	**96,194**

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

4.5. Capital management

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

4.5.1. Capital adequacy ratio

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

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

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

TAY Authorized Accountants & Auditors
ቁ.5
Original Copy Submitted to the board
No. 4
Nib International Bank S.C.

	30 June 2025 ETB '000	30 June 2024 ETB '000
Capital		
Share capital	7,827,260	7,580,411
Legal reserve	1,580,452	2,388,938
Special reserve	2,600	2,500
	9,971,84	9,971,849
Risk weighted assets		
Risk weighted balance for on-balance sheet items	55,816,749	55,816,749
Credit equivalents for off-balance Sheet Items	2,661,172	2,661,172
	58,477,921	58,477,921
Risk-weighted Capital Adequacy Ratio (CAR)	**16.5%**	**17.1%**
Minimum required capital	**8.0%**	**8.0%**
Excess	**8.5%**	**9.1%**

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 reflects market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

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

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

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.

derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

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

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

4.6.2 Financial instruments 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 2025 Fair Value ETB '000	30 June 2024 Fair Value ETB '000
Financial assets		
Cash and cash equivalents	8,093,808	6,265,206
Loans and advance to customers	44,070,214	48,472,677
Investment securities		
- Amortzed cost (NBE Bills)	4,853,367	4,295,441
Financial Asset	1,842,980	1,493,345
Total	58,860,368	54,737,883
Financial liabilities		
Deposits from customers	51,337,461	45,058,301
Borrowings	1,547,510	5,383,766
Financial Liabilities	2,024,136	493,933
Total	**54,909,107**	**50,936,000**

ቁ. 5

No. 4

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.

NIB INTERNATIONAL BANK

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATMENTS

FOR THE YEAR ENDED 30 JUNE 2025

5. Interest income calculated using the EIR Method

	30 June 2025 ETB '000	30 June 2024 ETB '000
Interest income from local deposits	56,347	274,121
Loans and advances to customers	8,704,102	8,941,751
Interest income from treasury bills and government bonds	407,376	437,333
	9,167,824	**9,653,205**

Interest income is calculated using `the effective interest rate method on financial assets measured at amortized cost and at fair value through other comprehensive income (FVOCI), in accordance with IFRS 9. For credit-impaired (Stage 3) financial assets, interest income is recognized based on the net carrying amount, i.e., net of expected credit losses. In the statement of profit or loss and other comprehensive income, interest income is presented as “Interest income calculated using the effective interest rate method” in line with IAS 1 presentation requirements.

6. Interest Expense on

	30 June 2025 ETB '000	30 June 2024 ETB '000
Interest on savings deposits	1,458,982	1,709,925
Interest on time deposits	2,467,637	2,045,881
Central Bank (NBE)	774,798	678,226
Interest on borrowings	116,700	6,308
	4,818,118	**4,440,339**

	30 June 2025 ETB '000	30 June 2024 ETB '000
6a. Interest expense: Lease liabilities	14,575	12,423
	14,575	**12,423**

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 ETB '000	30 June 2024 ETB '000
7 Net fees and commission income		
Fee and commission income		
Telegraphic transfer and drafts	146	251
Commission on CPOs	1,184	1,149
Commission on letters of credit	477,038	138,467
Commission on guarantees issued	131,345	90,176
Money transfer commission	14	267
Service charges	638,272	449,618
Other commissions	154,820	115,847
	1,402,820	**795,774**
Fees and commission expense		
Bank charges and commission	87,547	65,445
Correspondent fees	11,242	16,986
	98,789	**82,431**
Net fees and commission income	**1,304,031**	**713,343**

Other commissions ETB '000	
Others Commission and Charge	5,235
Early Settlement fee	853
Arrangement fee	51,578
Commitmentincipal Fee	30
Collateral Estimation Fee	2,855
Collateral Withdrawal Fee	3,536
Collateral Substitute Fee	244
Loan processing Fee	21,657
File Transfer Fee	152
Commission On ATM	14,261
Commission On Telle ETB	13,910
Commission on Safaricom Airtime	625
POS Commission and Charges	0
Commission on Master card PP	164
Comm on Outward Blocking Local	0
Service Charg on Unpaid Margin	36,309
Commission on IBC's Foreign	3,410
	154,820

TAY Authorized Accountants & Auditors

No. 4

ቁ. 5

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Fee and commission income includes charges for services rendered such as account maintenance, transfer fees, loan processing fees, and other banking services. Income is recognized when the service is provided and the Bank has fulfilled its performance obligation.

		30 June 2025 ETB '000	30 June 2024 ETB '000
8	**Other operating income**		
	Gain on disposal of properties	19,164	2,300
	Correspondent charges	4,194	1,027
	Unused provision on legal cases Income	-	288
	Estimation fee	954	1,017
	Dividend income	51,569	36,904
	Rental Income	190,051	124,860
	Mark up on Murabah Financing	101,920	112,519
	Other Income	107,479	55,667
		475,329	**334,581**

Other Income ETB '000	
Bad Debts Collected	0
Cash Surplus	30
Legal - Court Award	7
Other Income Money Bags	10
Postage	140
Sundries - Income	78,049
Telephones, Telegrams / Telex	22,150
Parking Income	488
Photocopy	91
Sales of Import Permits	0
ECX- Service Charge	7
Share Transfer Processing Fee	434
Service Charge on RTGS transfer	3,263
Commission to be paid to INSA	35
Cheque Issue Charges	26
ATM Card Charge	749
Emplymt Termination Chrg Coll	1,999
	107,479

T A Y Authorized Accountants & Auditors
Accounting and Auditing Board of Ethiopia ቁ. 5 Original Copy Submited to the board
No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

For the period ended 30 June 2025, the Company earned rental income of ETB 190,051 thousand, with a profit before tax from rental operations of ETB 140,731 thousand. The breakdown is as follows:

Rental income Breakdown

	Addis Ababa City	Oromia Regional Government	CERS	Sidama	Total
Income:					
Rental Income	168,282	5,554	3,655	12,559	190,051
Expense:					
Depreciation	44,186	3,146	1,988	-	49,320
Profit (loss) before tax from rental operation	124,096	124,096	1,668	12,559	140,731
Rental income tax @ 30% due to Regional Gov't and City Administrations	**37,229**	**722**	**500**	**3,768**	**42,219**

	30 June 2025 ETB '000	30 June 2024 ETB '000
9 Reconciliation of Impairment on Loans and Advances	774,367	534,967
	(616,764)	(774,367)
Loans and receivables - charge for the year (note 16)	**157,603**	**(239,400)**

	30 June 2025 ETB '000	30 June 2024 ETB '000
10 Impairment losses on other financial assets	183,076	20,642
Other assets - charge for the year (note 19)	(97,658)	(183,076)
Other assets - reversal of impairment losses (note 18)	**85,417**	**(162,434)**

No. 4

TAY Authorized Accountants & Auditors

ቁ. 5

	30 June 2025 ETB '000	30 June 2024 ETB '000
11 Employee benefits expenses		
Employee Salaries	2,180,585	1,970,461
Employee Benefits	68,632	68,060
Employee Allowances	303,179	406,600
Other Employee Benefits	13,310	33,847
Bank's Pension Contribution	219,820	240,863
Provident Fund Contributions	46,117	96,575
	2,831,642	**2,816,405**

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 ETB '000	30 June 2024 ETB '000
12 Other operating expenses		
Advertisement and Publicity	31,517	38,116
Directors Fees	1,771	1,674
Cleaning Supplies Expense	6,778	15,263
Donation and Contr Expense	13,695	67,482
Entertainment Expense	6,143	6,416
Gifts	3,104	2,404
Insurance Expense	176,937	195,495
Legal Expense	*3,095*	29,378
General Assembly Meeting	3,658	6,981
Repair Maintenance Expense	43,990	43,588
Security and Cleaning fees	77,629	15,222
Medical Support Family	*342*	526
Provision on legal cases	97,963	-
Periderm and Travel Expense	15,409	16,551
Petrol/Oil and Lubricant Exp	46,165	36,722
Penalty Charge	705	140,246
Sponsorship Fee	1,606	-
Stationery and Printing Expense	42,470	51,603
Phone, Telegram &Telex Expense	27,423	28,184
Transportation Expense	15,070	12,622
Wage Expense	7,086	4,688
ATM & POS Running Expense	66,310	29,514
Agent Commission Expense	*1,928*	1,327
Utility fees	*20,311*	19,361
License Fee	119,384	53,287
Audit Fee	*1,354*	1,054
Representation Allowance	18,782	18,857
Meeting, Workshop & Seminar	4,175	2,617
Admin Expe acquired property	3,369	10,465
IFB Financing Provision Expen	1,060	-
Uniform	*341*	-
Training/Education/Capacity	*30,989*	-
Other operating expenses	96,190	78,779
Loss-Disposal of Acquired Prop	-	278
Interest on lease payment	-	32
	986,749	**928,732**

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Other operating expenses	
Branch Inauguration	70
Cheque Book Expense	26
Consultation Fee	1,569
Cashback Expense	261
Government Tax	15,530
Membership Fee	1,632
Money Bags	35
Motor Veh Inspctn/Circln Fee	622
Municipal License Fee	4,334
Postage Expense	1,453
Revenue Stamp Expense	15
Subscription Expense	534
Cash Prize and Awards	110
Swift Expense	4
Parking Fee	150
Sundries - Expense	23,354
Profit Exp on Mudaraba Savings	7,202
Profit Exp on Bank's Part	39,290
	96,190

	30 June 2025 ETB '000	30 June 2024 ETB '000
12a Foreign Exchange Gain/Loss		
Unrealized Revaluation Loss	3,452,668	266,245
Market Exchange Loss	60,405	(9,997)
	4,413,073	**256,248**

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 ETB '000	30 June 2024 ETB '000
13 Company income and deferred tax		
Fixed asset - carrying amount	3,927,839	3,971,971
Fixed assets - tax base	3,244,002	3,431,152
	683,836	**540,819**
Fixed assets - temporary difference		
Severance pay - carrying amount	315,218	408,386
Severance pay - tax base	-	-
Severance pay temporary difference	**315,218**	**408,386**
Annual leave pay - carrying amount	375,215	314,234
Annual leave pay - tax base	-	-
Annual leave pay temporary difference	**375,215**	**314,234**
Fair value reserve (equity investment)-Carrying amount	431,869.87	278,322
Fair value reserve (equity investment)-tax base	-	
Fair value reserve (equity investment)-temporary difference	**431,870**	- **278,322**
Deferred tax liability -30%	**127,582**	**28,956**

	30 June 2025 ETB '000	30 June 2024 ETB '000
13a Income tax Expensex		
Current income tax	(50,295)	305,869
Rental income tax due to Regional Govt. & city administrations	42,219	20,282
Deferred income tax/(credit) to profit or loss	63,134	(78,291)
Total charge to profit or loss	105,354	247,860
Tax (credit) on other comprehensive income	35,491	407
Total tax in statement of comprehensive income	**140,845**	**248,267**

13b Reconciliation of effective tax to statutory tax

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

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 ETB '000	30 June 2024 ETB '000
Profit before tax	**(2,891,764)**	**1,177,797**
Add: Disallowed expenses		
Entertainment	6,143	6,416
Severance expense	-	81,040
Provision for loans and advances as per IFRS	175,554	241,289
Provision on other assets	-	162,434
Provision for other asset for tax NBE 80%	7,510	-
Provision for legal case	97,963	-
Staff loan benefit	10,382	282
Penalty	705	140,246
Foreign exchange revaluation loss	3,452,668	266,245
Accrued leave payable	60,980	69,620
Government Tax	15,530	13,809
Cash indemnity allowance	-	8,073
Donation	10,000	41,040
Medical Support for staff family	342	526
Gift	3,104	2,404
Sponsorship	1,606	8,205
Cash prize and awards	110	395
Representation Allowance	-	18,857
Municipal License Fee	4,334	2,687
Depreciation and impairment of right-of-use asset	473,769	406,761
Interest expense: Lease liabilities	14,542	12,423
Depreciation (PPE) for accounting purpose	181,800	150,173
Amortization for accounting purpose	26,030	11,418
Total disallowable expenses	**4,543,072**	**1,644,341**

ቁ. 5
No. 4

	30 June 2025 ETB '000	30 June 2024 ETB '000
Less: Allowed expenses		
Depreciation for tax purpose	360,229	369,611
Severance Income	3,396	-
Provision on other assets	85,879	-
Provision for loans and advances and other commitment for tax NBE 80%	297,159	193,031
Provision for other asset for tax NBE 80%	-	64,465
Unused provision on legal cases	-	288
Interest income on foreign deposits	-	-
Dividend income taxed at source	73,390	36,904
Interest income taxed at source-Gov't Bond and Treasury Bills	407,376	437,333
Interest income taxed at source-Local Deposit	56,347	274,121
Rent expense	394,451	359,216

Net income from rental operation	394,451	359,216
	140,731	67,608
Total allowed expenses	**1,818,957**	**1,802,576**
Taxable (Loss) profit	**(167,648)**	**1,019,562**
Current tax at 30%	50,295)	305,869
Tax on foreign deposit at 5%	-	-
Deferred tax	63,134	(78,291)
Income tax expense/ (credit) recognised in profit or loss	**12,840**	**227,578**

13c Current income tax liability	**30 June 2025** **ETB '000**	**30 June 2024** **ETB '000**
Balance at the beginning of the year	326,151	469,996
Charge for the year:	-	305,869
Income tax expense		
Rental income tax due to Regional Govt. & City Administrations	42,219	20,282
Payment during the year	(326,151)	(469,996)
Balance at the end of the year	**42,219**	**326,151**

TAY Authorized Accountants & Auditors
ቁ. 5
Original Copy Submited to the board
No. 4
Nib International Bank S.C.

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

13d Deferred income tax	**30 June 2025 ETB '000**	**30 June 2024 ETB '000**
The analysis of deferred tax (assets)/liabilities is as follows:		
Deferred tax liabilities	127,582	29,065
	127,582	**29,065**

Deferred tax assets/(liabilities)	**30 June 2025 ETB '000**	**30 June 2024 ETB '000**
Fixed asset - carrying amount	3,927,839	3,971,971
Fixed assets - tax base	3,244,002	3,431,152
Fixed assets - temporary difference	683,836	540,819
Deferred tax liability - 30%	(205,151)	-162,246
Severance pay - carrying amount	315,218	408,386
Severance pay - tax base	-	
Severance pay temporary difference	315,218	408,386
Deferred tax Asset - 30%	94,565	122,516
Annual leave pay - carrying amount	375,215	314,234
Annual leave pay - tax base	-	-
Annual leave temporary difference	375,215	314,234
Deferred tax Asset - 30%	112,564	94,270
Fair value reserve (equity investment)-Carrying amount	431,870	278,322
Fair value reserve (equity investment)-tax base	-	
Fair value reserve (equity investment)-temporary difference	431,870	278,322
Deferred tax liability - 30%	(129,561)	-83,497
Total deferred tax assets/(liabilities)	**-127,582**	**-28,956**

Deferred tax liabilities arise from taxable temporary differences (fixed assets and fair value reserves), while deferred tax assets arise from deductible temporary differences (severance and annual leave provisions). The applicable tax rate is 30%

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:

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4
Nib International Bank S.C.

NIB INTERNATIONAL BANK

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATMENTS

FOR THE YEAR ENDED 30 JUNE 2025

Deferred income tax assets/(liabilities):	**At 1 July 2024 ETB '000**	**Credit/ (charge) to P/L ETB '000**	**Credit/ (charge) to equity ETB'000**	**30 June 2025 ETB'000**
Property, plant and equipment	(162,246)	(42,905)		(205,151)
Post-employment benefit obligation	122,516	(38,523)	10,573	94,565
Accrued leave pay	94,270	18,294		112,564
Equity Securities	(83,497)		(46,064)	(129,561)
Total deferred tax assets/(liabilities)	**(28,956)**	**(63,134)**	**(35,491)**	**(127,582)**

Deferred income tax assets/(liabilities):	**At 1 July 2023 ETB '000**	**Credit/ (charge) to P/L ETB '000**	**Credit/ (charge) to equity ETB'000**	**30 June 2024 ETB'000**
Property, plant and equipment	(122,984)	(39,262)	-	(162,246)
Post-employment benefit obligation	26,311	96,666	(462)	122,516
Accrued leave pay	73,384	20,886		94,270
Equity Securities	(83,551)	-	55	(83,497)
Total deferred tax assets/(liabilities)	**(106,840)**	**78,291**	**(407)**	**(28,956)**

The tax credit of ETB 35,491 recognized in other comprehensive income relates to fair-value changes of equity investments classified as FVOCI, in accordance with IAS 12. As at 30 June 2025, the Bank assessed that no unrecognized deferred tax assets exist and that there are no unused tax losses or credits available for carry-forward (2024: Nil). Deferred tax assets are recognized only to the extent that management believes future taxable profits will be available to utilize deductible temporary differences; this assessment is reviewed annually. Deferred tax on property, plant and equipment is measured on the basis of recovery through use, while deferred tax on equity investments (FVOCI) is measured assuming recovery through sale, consistent with the Bank's business model. The Bank has no subsidiaries, associates, or joint ventures that would give rise to unrecognized deferred tax liabilities as at 30 June 2025 (2024: Nil).

TAY Authorized Accountants & Auditors

Accounting and Auditing Board of Ethiopia ቁ. 5

No. 4

NIB INTERNATIONAL BANK

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATMENTS

FOR THE YEAR ENDED 30 JUNE 2025

14a Cash and bank balances	**30 June 2025** **ETB '000**	**30 June 2024** **ETB '000**
Cash in hand	1,269,513	1,329,139
	13	405,172
Deposit with local commercial banks	2,448,588	98,674
Deposit with foreign banks	-	291,779
Treasury Bills	**3,718,114**	**2,124,764**
Money Market Securities(OMO)	200,000	
Deposit with NBE	4,176,035	4,140,688
statutory reserve with NBE	3,842,231	2,765,231
	8,094,149	**6,265,452**
Loss Allowance on Deposits	(341)	(247)
	8,093,808	**6,265,206**

Change statutory reserve with NBE	**30 June 2025** **ETB '000**	**30 June 2024** **ETB '000**
Opening balance	2,765,231	3,796,252
Increase/(decrease)	1,077,000	(1,031,021)
Balance at period end	**3,842,231**	**2,765,231**

Impairment charge on deposit with other banks	**30 June 2025** **ETB '000**	**30 June 2024** **ETB '000**
Opening balance	(247)	(79)
Increase/(decrease)	94	**167**
Balance at period end	**(341)**	**(247)**

June 30,2025	PD	LGD	EAD	NBE Bills ECL
Cash and bank balances	0.05%	10%	(6,824,636.23)	(341)
June 30,2024	PD	LGD	EAD	NBE Bills ECL
Cash and bank balances	0.05%	10%	(4,936,313.60)	(247)

TAY Authorized Accountants & Auditors

No. 4

	30 June 2025 ETB '000	30 June 2024 ETB '000
Current	4,251,577	3,499,975
Non-Current	3,842,231	2,765,231
Balance at period end	**8,093,808**	**6,265,452**

14b Cash and cash equivalents

Balance as above	8,093,808	6,265,452
Cash reserve held with the National Bank of Ethiopia	(3,842,231)	(2,765,231)
	4,251,577	**3,500,222**

15. Loans and advances to customer	30 June 2025 ETB '000	30 June 2024 ETB '000
Agriculture	284,555	359,440
Manufacturing	8,301,142	8,998,415
Domestic Trade and Service	6,400,927	7,175,705
Transport and communications	1,186,105	1,192,642
Hotel and tourism	5,631,865	6,090,754
Export	4,906,168	5,743,627
Import	5,418,489	6,524,655
Building and Construction	12,239,538	12,551,586
Mines, Power and Water	87,251	115,714
Personal loans	230,940	494,506
Gross amount	**44,686,978**	**49,247,044**
Less: Impairment allowance	(616,764)	(774,367)
	44,070,214	**48,472,677**

Reconciliation of impairment for Loans and advances to customers

Opening balance of impairment allowance	774,367	534,967
Charge for the year	(157,603)	239,400
Ending balance of impairment allowance	**616,764**	**774,367**

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

16. Investment security

	30 June 2025 ETB '000	30 June 2024 ETB '000
16a Financial assets at fair value through OCI		
Balance at the beginning of the year	475,324	442,840
Additional investments made during the year at cost	53,453	32,665
		-
Derecognized due to legal case	(37,411)	
Gain on change in Fair Value of Investment Securities	153,548	(182)
Equity Security at Fair Value	**644,914**	**475,324**

The Bank hold equity investments in Nib Insurance of 5% ('30 June 2025: 5%), Agar Micro Finance S.C of 7.26% ('30 June 2025: 7.26 %,), Eth Switch S.C of 3.17% ('30 June 2025: 3.17%), Financial Excellence Center 4.29% ('30 June 2025: 4.29%) and Ethiopian Reinsurance S.C 0.75% ('30 June 2025: 0.75%). These investments are unquoted equity securities measured at fair value through other comprehensive income.

16b Fair value hierarchy

Details of the Bank's Investment securities and information about the fair value hierarchy at 30 June 2025 and 30 June 2024 respectively are as follows:

30-Jun-25	Carrying amount ETB '000	Level 1 ETB '000	Level 2 ETB'000	Level 3 ETB'000
Equity Investment	211,346			644,914
	211,346			644,914

30 June 2024	Carrying amount ETB '000	Level 1 ETB '000	Level 2 ETB'000	Level 3 ETB'000
Equity Investment	195,304			475,324
	195,304			475,324

In accordance with IFRS 13 Fair Value Measurement, classifies financial instruments measured at fair value into the following three levels of the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability. These inputs reflect the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability, including assumptions based on the best available information.

Based on the nature of the instruments held, the Bank has classified its financial securities including unquoted equity investments under Level 3 of the fair value hierarchy. These instruments are measured using valuation techniques that involve significant unobservable inputs due to the absence of quoted market prices or observable market data.

17 Financial Assets at amortized cost (Debt Securities)

Balance at the beginning of the year	4,295,441	3,290,670
Additional investments made during the year at	558,169	1,004,986
Debt Securities at Amortized Cost	**4,853,610**	**4,295,656**
Less: Loss Allowance	(243)	(215)
Debt Security (net)	4,853,367	**4,295,441**
Debt and Equity Securities (net)	**5,498,281**	**4,770,765**
Impairment Charge on NBE Bills		
Opening balance of impairment	(215)	(160)
Closing balance of impairment	(243)	(215)
NBE Bills-charge for the year	**(28)**	**(55)**

June 30,2025	PD	LGD	EAD	NBE Bills ECL
Investment securities	0.05%	10%	4,853,609.83	243

June 30,2025	PD	LGD	EAD	NBE Bills ECL
Investment securities	0.05%	10%	4,295,655.66	215

The expected credit losses for NBE bills has been computed by minimum Basel set rate of PD and LGD, since the investments are made with the security collected from National Bank of Ethiopia

Current	102,937	116,262
Non-Current	4,750,672	4,179,394
	4,853,610	**4,295,656**

The cost of these unquoted equity securities at the end of the reporting period were ETB 195.30 million.

18 Investment in Associates

Name of entity	Place of Business/ country of incorporation	Percenta ge Percenta ge holding	30 June 2025	30 June 2024
			ETB'000	ETB'000
Premier Switch Solution S.C.	Ethiopia	25.61%	98,945	99,516
Cumulative dividend collected in previous years			(200,769)	10,542
Dividend collected in current year			(21,821)	(11,113)
			(123,645)	**98,945**

18 Reconciliation of Investment in Associates

	30 June 2025	30 June 2024
	ETB'000	ETB'000
Opening balance as of July 2024	98,945	66,552
Dividend collected from associates	(21,821)	(11,113)
Additional Investment	27,296	16,423
Share of net profit of associate accounted for using the equity method	19,225	27,083
Balance at period end	**123,645**	**98,945**

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 ETB 165 million.

18.2. 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.

TAY Authorized Accountants & Auditors
ቁ. 5
Nib International Bank S.C.
No. 4

NIB INTERNATIONAL BANK

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATMENTS

FOR THE YEAR ENDED 30 JUNE 2025

(a) Summarised statement of financial position

	30 June 2025 ETB '000	30 June 2024 ETB '000
Premium Switch Solution S.C		
Current assets	379,162	332,873
Non-current assets	190,079	105,705
Current liabilities	(45,117)	(24,763)
Non-current liabilities	(35,437)	(28,638)
Net assets	**488,687**	**385,178**

(b) Summarised statement of comprehensive income

Premium Switch Solution S.C

Revenue	301,693	229,258
Interest income	7,152	11,682
Sales of Trading Items	118,872	122,909
Other Income	1,356	161
	429,073	**364,010**
Expenses	321,830	(236,825)
Net profit before tax	107,243	127,185
Tax	(32,173)	(38,156)
Profit after tax	**75,070**	**89,030**
Transfer to legal reserve		
Net profit for the year	**75,070**	**89,030**

(b) Summarised statement of comprehensive income

Premium Switch Solution S.C

Revenue	301,693	229,258
Interest income	7,152	11,682
Sales of Trading Items	118,872	122,909
Other Income	1,356	161
	429,073	**364,010**
Expenses	321,830	(236,825)
Net profit before tax	107,243	127,185
Tax	(32,173)	(38,156)
Profit after tax	**75,070**	**89,030**
Transfer to legal reserve		
Net profit for the year	**75,070**	**89,030**

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

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 **ETB '000**	**30 June 2024** **ETB '000**
Share of profit(loss) from associate	19,225	27,083
Share of other comprehensive income from associate	**19,225**	**27,083**

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 2025 **ETB '000**	**30 June 2024** **ETB '000**
Opening net assets 1 July	327,141	238,111
Profit for the period	75,070	89,030
Other comprehensive income	-	-
Closing net assets	**402,211**	**327,141**
Bank's share in %	25.61%	30.42%
Bank's share in ETB	103,006.16	99,516
Dividened Collected		
Carrying amount on the Bank's financial statement	**103,006**	**99,516**
Share of net profit of associate accounted for using the equity method	(19,225)	(27,083)
Equity investment at cost	(27,296)	(16,423)
	(46,521)	**(43,506)**

In accordance with IAS 36, an impairment test is performed only when there is an indication that the carrying amount of the investment may not be recoverable. For the year ended June 2025, management has reviewed the associate's financial performance, operational status, and relevant external and internal factors, and has not identified any indicators of impairment as outlined in IAS 36. Accordingly, no impairment test was deemed necessary, and no impairment loss has been recognized in respect of the Bank's investment in associates.

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

19. Other assets	**30 June 2025** **ETB '000**	**30 June 2024** **ETB '000**
Other financial assets		
Receivable from other banks	531,398	410,175
Staff Advance	4,078	1,011
Master card receivables	40,944	23,903
Visa card receivables	7,897	34,639
Money transfer receivable	72,036	13,582
Other receivables	1,272,837	694,757
ATS CHQ clearing suspense (Cheques and claims in transit)	730	461,610
	10,133	36,743
Fintech receivable	**1,940,054**	**1,676,420**
Gross amount	(97,074.35)	(183,076)
Less: Specific impairment allowance	**1,842,980**	**1,493,345**

Receivable from other banks, Master card receivables, and Visa card receivables are emanated from digital banking transaction through ATM and POS transaction.

20. Other non-financial assets	**30 June 2025** **ETB '000**	**30 June 2024** **ETB '000**
Prepaid Employee Benefit (IFRS)	659,528.5	404,424
Prepaid for Rent	1,854.3	2,079
Withholding tax receivable	3,575.3	1,948
Stock Accounts	201,501.9	175,772
Purchase in Progress	146,815.0	-
	1,013,275	**584,223**

20a. Non-current assets held for sale	**30 June 2025** **ETB '000**	**30 June 2024** **ETB '000**
	391,204.2	177,479
	391,204.2	**177,478.6**

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

20b Impairment allowance on financial assets

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

Summary Impairment allowance	**Bond**	**Bank balance**	**Allowance on loan commitment and financial guarantee**	**Other Receivable**
Balance at the Beg of the year July 1,2024	215	247	1,761	183,076
Net re-measurement of loss allowance	28	94	333,157	(86,002)
Cash and bank balances	243	341	334,918	97,074

The impairment loss on other financial assets amounting to ETB 97,074,347.98 as at June 30, 2025, was determined in accordance with IFRS 9. Life time expected credit losses (ECL) were recognized based on a provision matrix that incorporates historical loss rates per aging category. All exposures were assumed to have a 100% loss given default (LGD). No significant forward-looking adjustments were applied, as management assessed that historical loss trends reflect current and expected future credit risk conditions.

i) Assessment of Significant Increase in Suspense Account Risk

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

The outstanding suspense account risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the bank's suspense handling 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 suspense account handling 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 date provided the fund in respect of which full payment has not been received.

If there is evidence that there is no longer a significant increase in suspense account handling 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 outstanding suspense balance handling risk, such as legal cases, resigning or termination of employees, failure of guarantee provided, and looting of cash during the war in the northern region, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist.

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

The criteria are capable of identifying significant increases in outstanding suspense balance 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 outstanding suspense account risk and default appears reasonable;

Exposures are not generally transferred directly from 12-month ECL measurement to - long outstanding receivable-impaired; and there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 3).

ii) Default Assessment Policy

The Bank considers a financial asset to be in default when either of the following conditions is met:

- The beneficiary is unlikely to fully settle its outstanding obligations to the Bank.
- The beneficiary is more than 90 days past due on any material suspense account obligation.

In assessing default status, the Bank evaluates both qualitative indicators such as breaches of the Bank's suspense handling guidelines and quantitative data derived from internal systems and external sources.

21. Investment Property

	30 June 2025 ETB '000	30 June 2024 ETB '000
Cost:		
Investment Property Cost:	24,385	24,385
At the beginning of the year	-	-
Acquisitions	1,883	-
Reclassification	26,268	24,385
At the end of the year		
Accumulated amortisation:	3,441	2,795
At the beginning of the year	450	417
Charge for the year	3,891	3,212
At the end of the year		
Net book value	**22,377**	**21,173**

21a. Amounts recognised in profit or loss for investment properties

	30 June 2025 ETB '000	30 June 2024 ETB '000
Rental income (Note 9)	190,051	124,860
Direct operating expenses from property that generated rental income	(49,320)	(57,252)
	140,731	**67,608**

Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes. The Bank's investment properties include properties held for rental purposes as well as properties in which the Bank occupies an insignificant portion.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 Property, Plant and Equipment. Depreciation is charged on a straight-line basis over the estimated useful life of 50 years. There are currently no restrictions on the ability to realise the investment properties, and no contractual obligations to purchase, construct, or develop investment properties.

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

22. Right-of-use asset	**Right-of-use asset: Office space ETB '000**	**Right-of- use asset: Land ETB '000**	**Total ETB '000**
Cost:			
As at 1 July 2023	1,763,965	26,876	1,790,840
Additions	363,341	-	363,341
Disposals			-
As at 30 June 2024	2,127,306	26,876	2,154,181
As at 1 July 2024	2,127,306	26,876	2,154,181
Additions	410,598	-	410,598
Disposals			-
As at 30 June 2025	**2,537,904**	**26,876**	**2,564,779**
Accumulated depreciation			
As at 1 July 2023	1,041,960	2,398	1,044,358
Charge for the year	406,192	569	406,761
Adjustment	3,641		-
As at 30 June 2024	1,448,151	2,967	1,451,119
As at 1 July 2024	1,448,151	2,967	1,451,119
Charge for the year	473,200	569	473,769
Adjustment			
As at 30 June 2025	**1,921,351**	**3,536**	**1,924,888**
Net book value			
As at 30 June 2024	679,154	23,908	703,063
As at 30 June 2025	**616,552**	**23,339**	**639,892**

The Bank leases office premises and land for administrative purposes under agreements classified as right-of-use assets in accordance with IFRS 16 – Leases. These lease arrangements do not transfer ownership to the Bank at the end of the lease term and do not include purchase options. Accordingly, the right-of-use assets are depreciated on a straight-line basis over the lease term, which ranges from two to five years, starting from the commencement date. No residual value is assumed. Leased land is accounted for as a finance lease, as the Bank has the right to control the use of the land throughout the lease period, in line with the requirements of IFRS 16.

NIB INTERNATIONAL BANK

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATMENTS

FOR THE YEAR ENDED 30 JUNE 2025

23. Property, plant and equipment

	Buildings ETB'000	Motor vehicles ETB'000	Furniture and fittings ETB'000	Computer equipments ETB'000	Capital work in Progress ETB'000	Total ETB'000
Cost:						
As at 1 July 2023	3,243,490	209,431	519,265	429,288	431,978	4,833,453
Additions	(2,026)	(0)	159,536	95,243	68,362	321,115
Reclassification	-		-		-	-
Disposals						-
As at 30 June 2024	**3,241,465**	**209,431**	**678,801**	**524,531**	**500,340**	**5,154,568**
As at 1 July 2024	3,241,465	209,431	678,801	524,531	500,340	5,154,568
Additions	2,095	-	72,388	89,214	57,941	221,638
Reclassification	(1,883)		-		-	-
Disposals						-
As at 30 June 2025	**3,241,677**	**209,431**	**751,189**	**613,745**	**558,281**	**5,374,323**
Accumulated depreciation						
As at 1 July 2023	134,945	115,728	261,603	196,083	-	708,359
Charge for the year	60,968	9,418	43,823	35,546	-	149,755
Disposals						-
Reclassification	-	-	1	13	-	14
As at 30 June 2024	**195,913**	**125,146**	**305,427**	**231,642**	**-**	**858,128**
As at July 2024	195,913	125,146	305,427	231,642	-	858,128
Charge for the year	60,939	9,418	63,351	47,641	-	181,350
Disposals						
Reclassification						
As at 30 June 2025	**256,623**	**134,565**	**368,778**	**279,283**	**-**	**1,039,249**
Net book value						
As at 30 June 2024	3,045,552	84,285	373,374	292,889	-	500,340
As at 30 June 2025	**2,985,053.59**	**74,867**	**382,411**	**334,462**	**558,280.70**	**4,335,074**

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

NIB INTERNATIONAL BANK

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATMENTS

FOR THE YEAR ENDED 30 JUNE 2025

	Purchased Software	Total
24 Intangible Assets	**ETB'000**	**ETB'000**
Cost:		
As at 1 July 2023	179,311	179,311
Acquisitions	93,169	**93,169**
As at 30 June 2024	**272,481**	**272,481**
As at 1 July 2024	272,481	272,481
Acquisitions	-	-
As at 30 June 2025	**272,481**	**272,481**
Accumulated amortisation and impairment losses		
As at 1 July 2023	108,365	108,365
Amortisation for the year	11,418	11,418
Reclassification	(2,000)	(2,000)
Impairment losses	-	-
As at 30 June 2024	**117,782**	**117,782**
As at 1 July 2024	117,782	108,365
Amortisation for the year	26,030.36	26,030
Reclassification		-
Impairment losses		-
As at 30 June 2025	**143,813**	**143,813**
Net book value		
As at 30 June 2024	**154,698**	**154,698**
As at 30 June 2025	**128,668**	**128,668**

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

		30 June 2025	30 June 2024
25	**Deposits from Customers**	**ETB'000**	**ETB'000**
	Deposits from Conventional customers		
	Demand deposits	8,291,862	7,815,227
	Saving deposits	21,635,605	16,763,128
	Special saving deposit	2,074,506	4,492,061
	Fixed term deposits	15,591,267	13,253,021
		47,593,240	**42,323,438**
	Deposit from Interest Free Banking Customers		
	Demand Deposit - IFB	505,183	187,779.6
	Saving Deposit - IFB	3,202,431	2,538,783
	Fixed term deposits-IFB	36,607	8,300
		3,744,221	**2,734,862**
	Total Deposits	**51,337,461**	**45,058,301**
	Current	23,943,750	20,977,706
	Non-Current	27,393,711	24,080,595
		51,337,461	**45,058,301**

		30 June 2025	30 June 2024
		ETB'000	ETB'000
26	**Borrowings**		
	National Bank of Ethiopia	-	5,339,710
	Development Bank of Ethiopia	-	44,057
	Other Domestic Bank	1,400,000	-
	Special Account For SMEFP	147,510	-
		1,547,510	**5,383,766**
	Current	1,400,000	5,383,766
	Non-Current	147,510	
		1,547,510	**5,383,766**

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 ETB '000	30 June 2024 ETB '000
27 Other financial liabilities		
Margin held on letter of credit	922,845	195,043
Deposit for Guarantees Issued	2,809	2,497
Cash payment order payable	165,049	158,890
Exchange payable to NBE	52,496	39,131
Current accounts blocked	320,867	42,905
Deposit Act in Process Opening	5,490	1,075
Customers loan deposit accounts	58	19
Due to other banks	216,346	47,185
Telegraphic transfer payable	1,776	3,826
Money transfer payable	1,482	1,602
Loss allowance on loan commitment & financial guarantee	334,918	1,761
	2,024,136	**493,933**
28 Other non-financial liabilities		
Defined Contribution liabilities	12,605	30,452
Defined benefit plans	375,215	314,234
Stamp Duty Payable	2,846	882
Other tax payable	116,781	106,868
Unearned Profit on IFB Financing	170,064	268,740
Unearned Revenue-office rent	15,979	12,156
Other payables	2,161,374	3,781,310
Fintech payable	59,092	21,236
Dividend payable	147,930	249,430
Board of director's allowance	1,800	1,800
	3,063,686	**4,787,106**
Gross amount	**5,087,821**	**5,281,039**
Current	4,056,822	7,836,782
Non-Current	1,031,000	358,900
	5,087,821	**8,195,683**
Impairment losses on loan commitment & financial guarantee		
Balance at the beginning of the year	1,666	95
Balance at the end of the year	334,918	1,761
(Reversal)/charge for the year	**-333,252**	**-1,666**

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

	30 June 2025 ETB '000	30 June 2024 ETB '000
29 Reconciliation of Lease Liabilities		
Opening office space lease liability	173,005	176,793
Opening lase land liability	11,096	11,661
Increase (decrease) office space lease	48,911	(3,789)
Increase (decrease) land lease	746	(565)
Gross amount	**233,757**	**184,100**

The Bank leases various properties under non-cancellable operating lease agreements, primarily for office premises and branch locations. The lease terms range between two to five years, and the majority of these agreements are renewable at the end of each lease period at prevailing market rates. The future aggregate minimum lease payments under non-cancellable operating leases are as follows: The Bank has commitments, not provided for in these financial statements, of ETB 233,757 (30 June 2024: ETB 184,100 million). The lease term cover time range between two to five years period. In addition the Bank acquires land through lease; it has been accounted as a finance lease in line with IFRS 16: Leases. The lease term cover a time range of two to Five years.

	30 June 2025 ETB '000	30 June 2024 ETB '000
30 Retirement benefit obligations		
Defined benefits liabilities:		
– Severance pay (note 30a)	315,218	408,386
Liability in the statement of financial position	**315,218**	**408,386**
Income statement charge included in personnel expenses:		
– Severance pay (note 30a)	(101,551)	96,575
Total defined benefit expenses	**(101,551)**	**96,575**
Re-measurements for:		
– Severance pay (note 30a)	35,243	(1,539)
	35,243	**(1,539)**

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4

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

30a Severance pay

The Bank operates an unfunded defined benefit severance pay plan for both managerial and non-managerial employees who have completed at least five years of continuous service and are below the statutory retirement age, i.e., not yet eligible to access benefits from the pension fund. Under this plan, eligible employees are entitled to a lump-sum severance benefit upon termination of employment, calculated based on the average daily salary over the last week of service and the number of completed years of service. The benefit is determined as 30 times the average daily salary for the first year of service and one-third of that amount for each subsequent year, subject to a maximum of 12 months' salary. The plan is unfunded, meaning the Bank has not established a separate fund for this purpose, and benefits

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

are paid directly from the Bank's resources as they become due. In accordance with IAS 19 – Employee Benefits, the plan is accounted for as a defined benefit plan, with the related obligation measured using the projected unit credit method. The defined benefit obligation is determined annually by independent actuaries using actuarial assumptions that reflect employee turnover, salary escalation, mortality, and a discount rate derived from yields on high-quality corporate bonds. As at the valuation date, the weighted average duration of the obligation was estimated to be nine years. Below are the details of movements and amounts recognised in the financial statements:

	30 June 2025 ETB '000	30 June 2024 ETB '000
A Liability recognised in the financial position	315,218	408,386
	315,218	**408,386**
B Amount recognised in the profit or loss		
Current service cost	36,158	24,835
Interest cost	80,618	71,740
Past Service Cost	(218,327)	-
	(101,551)	**96,575**
C Amount recognised in other comprehensive income:		
Re-measurement (gains)/losses Actuarial (Gains)/Losses on economic assumptions	37,475	(1,539)
Re-measurement (gains)/losses Actuarial (Gains)/Losses on experience (liabilities)	(2,232)	-
Tax credit /(charge)		-
	35,243	**(1,539)**

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

	30 June 2025 ETB '000	30 June 2024 ETB '000
At the beginning of the year	408,386	330,117
Closing balance adjustment		-
Current service cost	36,158	24,835
Interest cost	80,618	71,740
Past Service Cost	(218,327)	-
Re-measurement (gains)/ losses	35,243	(1,539)
Benefits paid	(26,860)	(16,767)
At the end of the year	**315,218**	**408,386**

The significant actuarial assumptions were as follows:

	30 June 2025 ETB '000	30 June 2024 ETB '000
i) Financial Assumption Long term Average		
Discount Rate (p.a)	14.40%	24.50%
Long term salary increase(p.a)	14.20%	19.30%
Average Rate of Inflation (p.a)	12.20%	17.30%

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:

	Mortality rate	
Age	**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

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4
Nib International Bank S.C.

iii) The projected benefit payments for the next 5 years have been estimated as follows:

	30 June 2025 ETB '000
Projected benefit payments	
	33,531
Year ending 30 June 2026	-37,716
Year ending 30 June 2027	-45,364
Year ending 30 June 2028	-48,515
Year ending 30 June 2029	-57,140
Year ending 30 June 2030	-57,140
Total projected benefit payments over 5 years	**-222,266**

iv) Projected (Liability)/Asset in Statement of Financial Position

	30 June 2025 ETB '000
Defined Benefit Obligation at the beginning of the period	315,218
Current Service Cost (excluding interest)	30,074
Benefit payments	(33,531)
Interest Cost	47,308
Expected Defined Benefit Obligation at the end of the period	**359,069**

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

v) The sensitivity of the main results to changes in the principal assumptions rate have been calculated. The changes in the Defined Benefit Obligation are reflected below:

Sensitivity	Base DBO ETB 000	DBO on changed assumptions ETB 000	% change
Discount rate + 1%	315,218	291,778	-7.4%
Discount rate - 1%	315,218	340,793	8.1%
Salary increase + 1%	315,218	340,608	8.1%
Salary increase - 1%	315,218	291,540	-7.5%

	30 June 2025 ETB '000	30 June 2025 ETB '000
31 Share capital and share premium		
Issued and fully paid:		
Ordinary shares of ETB 500 each	7,827,260	7,580,411
Share premium	-	-
Total share capital and share premium	**7,827,260**	**7,580,411**

31a Movements in ordinary shares and share premium:

	No. of shares (thousands)	Share capital ETB'000	Share premium ETB'000	Total ETB'000
At 1 July 2024	15,161	7,580,411	-	7,580,411
Issued during the year	494	246,849	-	246,849
As at 30th June 2025	**15,655**	**7,827,260**	**-**	**7,827,260**

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4

32 Earnings per share

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

Reconciliation of Basic and Diluted Earnings Per Share	**30 June 2025**	**30 June 2024**
	ETB '000	**ETB '000**
Profit/loss attributable to shareholders	(2,977,892)	957,020
Numerator for basic and diluted EPS	(2,977,892)	957,021
Weighted average number of ordinary shares in issue	15,489	13,613
Denominator for basic and diluted EPS	15,489	13,614
Basic earnings per share (ETB)	-192	70
Diluted earnings per share	-192	70

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 2025: nill), hence the basic and diluted earnings per share has the same value.

	30 June 2025	**30 June 2024**
	ETB '000	**ETB '000**
33 Retained earnings		
At the beginning of the year	(378,167)	175,614
Prior years Adjustment	(192,026)	-
Profit/Loss for the year	(2,977,892)	957,020
Transfer to regulatory risk reserve	(123,140)	(221,609)
Transfer to legal reserve	-	(239,255)
Transfer to special reserve	(100)	(100)
Dividend paid	-	(1,048,037)
Board of directors' remuneration	(1,800)	(1,800)
Allowance for Board of director's election nomination committee	-	-
Other	-	-
At the end of the year	**(3,673,125)**	**(378,167)**

TAY Authorized Accountants & Auditors
ቁ. 5
No. 4

During the fiscal year end, the Bank identified and corrected 250.56 million material errors relating to the NBE penalty imposed in the financial year 2022/23. The correction was made by adjusting the opening balance of retained earnings for the current reporting period. Additionally, 5.5 million amount previously recorded under miscellaneous receivables was subsequently recognized by the tax authority during its audit. This recognition confirmed the excess payment, which has now been reclassified and adjusted as a prior year adjustment in accordance with applicable financial reporting standards.

These adjustments have been accounted for retrospectively, with the cumulative effect reflected in the opening balances of equity as of the beginning of the current period. Comparative figures have not been restated. In summary, 75% of these prior period adjustments were accounted for through the retained earnings balance, amounting to ETB 192.03 million.

34 Legal reserve

	30 June 2025 ETB '000	30 June 2024 ETB '000
At the beginning of the year	2,388,934	2,149,682
Prior years Adjustment	(64,009)	
Transfer from profit or loss	-	239,255
At the end of the year	**2,324,925**	**2,388,938**

The NBE Directive No. SBB/4/95 requires the Bank to transfer annually 25% of its annual net profit/loss 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.

Material errors related to the NBE penalty and excess tax payments were corrected by adjusting the opening balance of retained earnings. These retrospective adjustments were reflected in the opening equity balances. Overall, 25% of prior period adjustments were charged against the legal reserve balance, totaling ETB 64.01 million.

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 ETB '000	30 June 2024 ETB '000
34a IFB Reserve Balance		
Profit Equalization Reserve(PER)	7,617	1,321
Investment Risk Reserve (IRR)	808	503
	8,425	**1,824**

34b Other comprehensive income		
Beg. Bal as at 1 July	154,422	153,472
Net other comprehensive income for the year	82,813	950
	237,235	**154,422**

	30 June 2025 ETB '000	30 June 2024 ETB '000
35 Special reserve		
At the beginning of the year	2,500	2,400
Transfer from profit or loss	100	100
At the end of the year	**2,600**	**2,500**

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 ETB of its annual profits after tax to this reserve.

TAY Authorized Accountants & Auditors

ቁ. 5

No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

36 Cash generated from operating activities

	30 June 2025 ETB '000	30 June 2024 ETB '000
Profit before income tax	**(2,872,539)**	**1,204,880**
Adjustments for non-cash items:		
Depreciation of right-of-use asset	477,287	406,761
Depreciation of property, plant and equipment	181,800	150,173
Amortisation of intangible assets	26,030	11,418
(Gain)/Loss on disposal of property, plant and equipment	-	-
Impairment on loans and receivables	89,675	403,723
Net interest income	(4,335,131)	(5,200,443)
Profit Eqalization reserve and Investment risk reserve	6,601	503
(Gain)/Loss on Effect of exchange rate movement	3,452,668	(9,997)
Retirement benefit obligations	(101,551)	96,575
Changes in working capital:		
-Decrease/ (Increase) in loans and advances to customers	4,560,066	4,558,970
-Decrease/ (Increase) in restricted deposits	(1,077,000)	1,031,100
-Decrease/ (Increase) in other assets	(778,687)	502,177
-Increase/ (Decrease) in other liabilities	(674,305)	218,191
	(1,045,085)	**3,374,030**

No. 4 Nib International Bank S.C.
T A Y Authorized Accountants & Auditors
ቁ. 5 Original Copy Submitted to the board

Some of the previous year figures in cash flow from operating activities have been reclassified to make them comparable with current year presentation.

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

	30 June 2025 ETB '000	30 June 2024 ETB '000
Proceeds on disposal	-	-
Net book value of property, plant and equipment disposed (Note 23)	-	-
Gain/(loss) on sale of property, plant and equipment	**-**	**-**

37 Related party transactions

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

a **Transactions with related parties**	**30 June 2025** **ETB '000**	**30 June 2024** **ETB '000**
Outstanding Loans and advances to key management	16,529	9.50
	16,529	**9.50**

As at 30 June 2025, the Bank has outstanding loans and advances to key management personnel. These loans are term loans with repayment periods ranging from 3 to 15 years and are collateralized by personal guarantee, residential property, and vehicles. They are provided at a concessional interest rate of 7%, while the prevailing market rate is 15%. The benefit arising from the below-market interest rate is recognized in accordance with IAS 19 – Employee Benefits. The loans are measured at amortized cost.

These loans are provided to senior management of the bank at a lower market rate of 7%, and these are measured as per IAS 19, which is employee benefit.

TAY Authorized Accountants & Auditors

No. 5

No. 4

B Key management compensation Board of directors' remuneration

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 and Board of directors' remuneration is shown. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2025.

	30 June 2025	30 June 2024
	ETB '000	**ETB '000**
Salaries and other short-term employee benefits	41,680	87,010
Post-employment benefits	5,079	11,311
Sitting allowance	3,446	7,284
Board of directors' remuneration	3,571	3,240
	53,776	**108,845**

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

38 Directors and employees

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

	30 June 2025	30 June 2024
Managerial and Supervisory	592	617
Professional	1,111	1,120
Clerical	2,335	2,355
Non-Clerical	2,867	3,118
	6,905	**7,210**

TAY Authorized Accountants & Auditors
ቁ. 5
Original Copy Submited to the board
No. 4
Nib International Bank S.C.

39 Contingent liabilities

39a 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 2025 is ETB 886.50 million (30 June 2023: ETB 769.68 million). As of June 30, 2025, a provision of ETB 98.50 million has been held for these legal cases (June 30 2024: ETB 538.5 thousand)

Provision Movement (ETB '000):

Description	**30-Jun-25**	**30-Jun-24**
Opening balance	539	826
Additional provisions made	98,000	539
Amounts used	–	–
Unused amounts reversed	–	(287)
Closing balance	**98,539**	**539**

The timing of settlement depends on the progress of individual legal proceedings. Most cases are expected to be resolved within the next 12 to 24 months. The amount and timing of outflows are subject to significant uncertainty due to the nature of litigation. Provisions are based on legal department's best estimate, and reflect the most likely outcome. No discounting has been applied due to the short-term nature of expected settlements. Furthermore, no reimbursements are expected from third parties, and no related assets have been recognized.

39b 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:

TAY Authorized Accountants & Auditors
No. 5
Nib International Bank S.C. No. 4

NIB INTERNATIONAL BANK
FINANCIAL STATEMENT
NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025	**30 June 2024**
	ETB '000	**ETB '000**
Guarantees issued	3,983,410	3,338,812
Letters of credit	5,485,251	605,103
Memorandum on letters of credit	(1,810,037)	(48,164)
	7,658,624	**3,895,751**

40 Commitments

The Bank has commitments not provided for in these financial statements. It includes loans not disbursed yet.

TAY Authorized Accountants & Auditors
No. 4
ቁ. 5

	30 June 2025	**30 June 2024**
	ETB '000	**ETB '000**
Loan commitments	200,996	1,673,820
	200,996	**1,673,820**

These commitments represent contractual obligations to extend credit as part of the Bank's normal business operations. They are not recognized as liabilities in the financial statements because the loan commitments are either revocable or not considered onerous under current conditions. As such, no provision has been recorded for these items. Disclosure is provided in accordance with IAS 37 to inform users of the financial statements about the Bank's future obligations.

41 Profit Equalization and Investment Risk Reserve

Investment risk reserve is the amount appropriated by the bank out of the income of mudrahah account holders after allocating the mudarb`s share in order to cushion against future investment losses.

Profit equalization reserves: - It is the amount appropriated by the bank out of the income arising from the assets pertaining to Mudarabah customers in order to maintain a certain level of return on investment for such stakeholder.

42 Events after reporting period

In the opinion of the Directors, there was no significant post balance sheet events which could have a material effect on the state of affairs of the bank as at 30 June 2025 and the profit for the period ended on that date, which have not been adequately provided for or disclosed.

ንብ ኢንተርናሽናል ባንክ
Nib International Bank

ይሠሯል ከልብ፣
እንደ ንብ!
Committed to Service Excellence!

የተሟላ ከወለድ ነፃ የባንክ አገልግሎት

ወዲዓህ ዘካህ
የቁጠባ ሒሳብ

በወዲዓህ ላይ የተመሰረተ የተቀማጭ አማራጭ ሒሳብ ሲሆን በሃይማኖታዊ ድንጋጌ መሰረት ለዘካህ ተቀባዮች አስፈላጊውን ልገሳ ለመፈጸም ወይም ለመክፈል ታስቦ የሚከፈት የሒሳብ ዓይነት ነው።

CONTACT US
9698

☎ +251 11 550 3288
✉ nibcontact@nibbanksc.com
www.nibbanksc.com

Ras Abebe Aragay St, Addis
Ababa, Ethiopia