Berhan International Bank S.C.

Annual Report 2014/15
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EXECUTIVE MANAGEMENT

Message from the Board Chairman

It gives me great pleasure to present to you the 6th Annual Report of Berhan International Bank for the fiscal year ended June 30, 2015. Although the year has not been without its challenges, the Bank has had a year in which it has achieved growth and a number of new financial milestones.

The world economy as a whole has experienced ups and downs in 2014/15 F.Y. While recovery was observed in countries such as the United States of America, other major economies such as Japan fell short of expectations. China as well struggled as investment growth declined, particularly in the third quarter of 2014. The global economy was shaped also by a drastic decline in oil prices. In the case of Ethiopia, its economy has experienced remarkable growth over the last decade, averaging a double digit growth rate of 10.5 percent. In 2014/15, robust public investment in infrastructure and sturdy performance in agriculture was observed. Despite being pushed up by high food prices, inflation still remained in single digits. Foreign Direct Investment increased, contributing to a rise in foreign exchange inflows to the country. However, due to the prevailing huge import demand resulting from expanding business and investment activities, fully satisfying the foreign exchange needs of the growing economy still remained a challenge.

Within this environment, our Bank achieved notable results. It registered a gross profit of Birr 138.6 million, demonstrating a growth of 13.9 percent over the previous year. The Bank’s total asset reached Birr 4.17 billion, achieving a 48 percent growth. Outstanding loans and advances was also boosted by Birr 710 million (60.5 %), reaching a figure of Birr 1.9 billion. Deposits grew to Birr 3.1 billion, a 1.1 billion (52.5%) increase from the previous year. Furthermore, the Bank’s paid-up capital grew to Birr 573 million. This figure surpasses last year’s paid up capital value by 31.6 percent and in so doing, exceeds NBE’s requirement to reach Birr 500 million by 2016.

Moreover, the 2014/15 F.Y. was a year of change for our Bank. During the year, we welcomed four new Board members elected during last year’s Annual General Assembly. Additionally, the Bank’s organizational structure was revised to enhance efficiency and accommodate the growing number of staff. The Bank’s policy and procedures were also modified and implemented accordingly.
Additionally, in compliance with NBE requirements, Board sub-committees were set up to ensure proper functioning and decision making process within the organization. Furthermore, the Bank designed a new 5 year strategic plan which was approved by the Board of Directors for implementation. This strategic plan takes into consideration NBE’s requirements and goals set for commercial banks in the nation’s 2nd Growth and Transformation Plan (GTP2).

As we embark on a new fiscal year, we will continue to work hard to achieve solid results and drive stronger growth in order to augment shareholder value. We plan to direct efforts towards boosting growth and operational performance in line with the Bank’s five year strategic plan. Focus will be given to branch expansion, foreign exchange mobilization, human resource development, maintaining asset quality, enhancing IT infrastructure, providing quality customer service and raising the Bank’s capital. These are areas we believe drive stronger growth and have the greatest impact on shareholder value. As I conclude, I would like to take this opportunity to express my gratitude to our shareholders for their commitment and wholehearted support. The Board and I also highly appreciate the invaluable support of all staff, the National Bank of Ethiopia and other stakeholders and call upon all to continue to work with us with a renewed commitment in the coming year.

Thank you!

Solomon Alemseged
Chairman of the Board of Directors

On behalf of the Bank’s Management and myself, it is my pleasure to write to you as we conclude the 6th year of the Bank’s operation. F.Y. 2014/15 has been a year in which the Bank’s leadership has focused on strategic issues in order to guarantee the continued development of the Bank.

I am pleased to report that in the fiscal year ended June 2015, the Bank earned a total income of Birr 372.7 million, attesting to a 24.6 percent increment from that of the preceding year. Total asset, which stood at Birr 2.81 billion in the previous year, has grown to Birr 4.17 billion, exhibiting a notable growth of 48 percent. Similarly, total capital grew by 31.1 percent to reach Birr 726.8 million with paid up capital standing at Birr 573 million.

I am also delighted to report that the Bank has been effectively increasing its market share in both the metropolis and regional areas. During the year, one of the major goals of the Bank was to extend its branch network and expand all business volumes and customer base. In line with this goal, 27 new branches commenced operation, raising the number of branches to a total of 72 by the end of June 2015. Such efforts have contributed to a growth in deposit customer base and as a by-product enhanced deposit mobilization. By the end of the fiscal year, deposit customer base stood at 108,283, a remarkable growth of 82.9 percent from the preceding year. Additionally, the Bank has succeeded in mobilizing deposit worth Birr 3.1 billion, surpassing last year’s performance of Birr 2.0 billion by 52.5 percent. This growth in deposit mobilization has facilitated an increase in loans disbursement. During the year, the Bank has managed to increase the outstanding balance of loans and advances to Birr 1.9 billion, which shows an increase of 60.5 percent over last year’s figure of Birr 1.2 billion.

Moreover, the Bank has been effective in mobilizing foreign currency of USD 69.2 million, an amount exceeding the performance of the previous year by USD 5.7 million (9%). In order to boost foreign currency mobilization, the Bank has worked to avail foreign exchange licenses to its branches and has also begun working with TransFast and Ria Money Transfer, adding to the four international money transfer companies it already partners with.

Message from the President
Enhancing service quality and profitability via the utilization of advanced Information Technology has also been an area of focus in 2014/15. Within the year, a significant number of ATM cards have been distributed to customers to enhance their convenience and satisfaction. The Bank is also in the process of launching Mobile Banking and Point of Sales (PoS) services.

The above achievements and efforts have translated into a profit before tax of Birr 138.6 million by the end of the fiscal year. Although this increment from the gross profit of the preceding year is commendable, it has been inhibited by higher expenses resulting from the Bank’s expansion endeavors. During the year, the Bank has opened and commenced operation at 27 new city and outlying branches and staffing has grown considerably along with this expansion. This has contributed to an overall expense of Birr 234.2 million, a 31.9 percent increase from the expense of the previous year.

In closing, I would also like to extend my heartfelt gratitude to our esteemed shareholders, our staff, the National Bank of Ethiopia and all other stakeholders as a whole. On behalf of the Management, I would also like to thank the Bank’s Board of Directors and I have no doubt that as our strong alliance continues, we will reach even greater heights in the years to come.

Thank you.

Abraham Alaro
President
1. Background – Economic Highlight

In 2014/15, the global economy seemed to recover after the deployment of extensive economic policies mainly by developed countries. Accordingly, a gradual pickup in advanced economies was recorded during the year as per the report of World Economic Outlook (WEO) even though the unexpected weakness in North America, accounting for the lion’s share of the growth in advanced economies, contributed to the temporary setback. The first half of 2015 implicated the economic recovery in the euro area seeming to be broadly on track, with a generally robust recovery in domestic demand and inflation beginning to increase with the exception of Greece.

Nonetheless, a slowdown in the emerging markets was registered due to lower commodity prices and tighter external financial conditions, rebalancing in China and economic distress related to geopolitical factors. In spite of the global financial crisis, most African countries have recorded economic growth in the year 2014/15. However, lower oil and commodity prices, uncertain global conditions, the consequences of the Ebola outbreak in West Africa and domestic political uncertainties have slowed the levels of growth.

The Ethiopian economy has enjoyed strong economic growth with an average GDP growth over 10 percent in the past decade, compared to a 5.4 percent average throughout sub-Saharan Africa. Foreign Direct Investment (FDI) has been increasing as the country is at the focal point of emerging economies’ interest with various delegations of foreign investors from other emerging economies seeking investment opportunities in the country. Despite the fact that the economy continued to experience robust growth and single-digit inflation, trade imbalance had created a challenge in the availability and stability of foreign exchange.

All in all, in 2006 E.F.Y. Ethiopia continued to prioritize infrastructure development and regional integration, mainly focusing on development and upgrading of power supplies, transport, and telecommunications facilities including the brand new railway network. Overall, boosting economic activities in general and business and investment activities in particular continued to gain momentum, thereby enhancing the need for banking services more than ever before.

2. Operational and Financial Performance

2.1 Highlights of Operational Performance

2.1.1 Deposit Mobilization

Berhan International Bank S.C. mobilized Birr 3.1 billion in the fiscal year ended June 30, 2015 with an annual growth of 52.5 percent. The Bank has registered a net increment of Birr 1.1 billion over the preceding fiscal year. Of the total mobilized, saving deposit takes the largest share with 57.8 percent followed by demand deposit with 33.7 percent. In addition, the cost of fund of saving deposit has improved to 2.95 percent from last year’s 3.12 percent and fixed deposit which stands at a better percentage of 7.97 as compared to last year’s 9.3 percent.

<table>
<thead>
<tr>
<th>Deposit type</th>
<th>Jun-15</th>
<th>% share</th>
<th>Jun-14</th>
<th>% share</th>
<th>Growth Absolute</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand</td>
<td>1,034,645</td>
<td>33.7</td>
<td>644,510</td>
<td>32.0</td>
<td>390,135</td>
<td>60.5</td>
</tr>
<tr>
<td>Saving</td>
<td>1,772,517</td>
<td>57.8</td>
<td>1,077,540</td>
<td>53.6</td>
<td>694,977</td>
<td>64.5</td>
</tr>
<tr>
<td>Fixed time</td>
<td>260,733</td>
<td>8.5</td>
<td>289,753</td>
<td>14.4</td>
<td>(29,020)</td>
<td>-10.0</td>
</tr>
<tr>
<td>Total deposit</td>
<td>3,067,895</td>
<td>100</td>
<td>2,011,803</td>
<td>100</td>
<td>1,056,092</td>
<td>52.5</td>
</tr>
</tbody>
</table>

The Bank has also given focus to the expansion of deposit customer base and by the end of June 2015, the total number of depositors had reached 108,283 with an 82.9 percent growth from the previous year’s performance. The figure below depicts that the Bank has improved deposit mobilization from year-to-year through intensive operational activities, aggressive branch expansion and establishment of effective performance monitoring mechanisms.
2.1.2 Loans and Advances

As at June 30, 2015, the Bank’s outstanding loan balance was Birr 1.9 billion, recording a growth rate of 60.5 percent from the previous fiscal year’s performance.

Table 2: Breakdown of Loans & Advances in '000 of Birr

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jun-15</th>
<th>% share</th>
<th>Jun-14</th>
<th>% share</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Absolute</td>
</tr>
<tr>
<td>Agriculture and Production</td>
<td>2,109</td>
<td>0.11</td>
<td>1,797</td>
<td>0.15</td>
<td>312</td>
</tr>
<tr>
<td>Transport</td>
<td>261,455</td>
<td>13.75</td>
<td>180,307</td>
<td>15.22</td>
<td>81,148</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>98,219</td>
<td>5.16</td>
<td>56,093</td>
<td>4.73</td>
<td>42,126</td>
</tr>
<tr>
<td>Domestic Trade &amp; Services</td>
<td>776,239</td>
<td>40.82</td>
<td>361,279</td>
<td>30.50</td>
<td>414,960</td>
</tr>
<tr>
<td>Import &amp; Export</td>
<td>357,145</td>
<td>18.78</td>
<td>230,608</td>
<td>19.47</td>
<td>126,537</td>
</tr>
<tr>
<td>Construction Loans</td>
<td>243,609</td>
<td>12.81</td>
<td>248,526</td>
<td>20.98</td>
<td>(4,917)</td>
</tr>
<tr>
<td>Hotel &amp; Tourism</td>
<td>109,388</td>
<td>5.75</td>
<td>69,902</td>
<td>5.90</td>
<td>39,486</td>
</tr>
<tr>
<td>Personal Loan</td>
<td>53,670</td>
<td>2.82</td>
<td>36,182</td>
<td>3.05</td>
<td>17,488</td>
</tr>
<tr>
<td>Total</td>
<td>1,901,834</td>
<td>100</td>
<td>1,184,694</td>
<td>100</td>
<td>717,140</td>
</tr>
</tbody>
</table>

The figure below portrays that, out of the total outstanding loans, domestic trade takes the lion’s share of 40.8 percent, followed by import & export 18.8 percent and transport 13.7 percent. Moreover, the Non-Performing Loans ratio (NPLs) has also improved from 3.6 percent of last year’s performance to 2.3 percent.

Figure 2: Loans & Advances Breakdown

2.1.3 International Banking

The Bank has mobilized USD 69.2 million during the fiscal year ended June 30, 2015 growing by a rate of 9 percent from the previous year’s performance. The income generated from foreign exchange grew by 2.9 percent from the prior fiscal year’s performance and had a share of 29 percent of the total income. The fact that the branches of the Bank are licensed for foreign exchange operations has facilitated the mobilization and income earned. Furthermore, the Bank has established relationships with Transfast and Ria International Remittance Service Providing Companies, in addition to the existing four agents it has been operating with, in order to boost its remittance services.

2.2 Highlights of Financial Performance

2.2.1 Assets

The total asset of the Bank has reached Birr 4.17 billion with an increment of 48 percent from the previous year. The increment of outstanding loan and advances by Birr 710 million, investment in NBE bills by Birr 266 million and cash balance by Birr 261 million are the main reasons for this increment in the total asset of the Bank.

2.2.2 Capital

By the end of June 2015, the total capital of the Bank stood at Birr 726.8 million with a growth rate of 31.1 percent from the previous year’s performance. The paid-up capital has grown to Birr 573 million with a 31.6 percent annual increment and the subscribed capital to Birr 626 million with a 28.3 percent growth rate. The Bank has exceeded the paid-up capital requirement of the National Bank of Ethiopia (500 million) before the end of 2016. The total number of shareholders has also reached 9,039.

Table 3: Composition of Capital in '000 of Birr

<table>
<thead>
<tr>
<th>Description</th>
<th>Jun-15</th>
<th>Jun-14</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Absolute</td>
</tr>
<tr>
<td>Total Capital</td>
<td>726,802</td>
<td>554,442</td>
<td>172,360</td>
</tr>
<tr>
<td>Paid-up Capital</td>
<td>573,124</td>
<td>435,532</td>
<td>137,592</td>
</tr>
<tr>
<td>Subscribed Capital</td>
<td>625,966</td>
<td>487,820</td>
<td>138,146</td>
</tr>
<tr>
<td>Number of Shareholders</td>
<td>9,039</td>
<td>8,725</td>
<td>314</td>
</tr>
</tbody>
</table>

2.2.3 Income

By the end of June 2015, the total income of the Bank has reached Birr 372.7 million, which is higher than the preceding year by Birr 73.5 million or 24.6 percent. Component wise, interest income comprises 56.4 percent and other income the remaining 43.6 percent.
2.2.4 Expenses
The total expense of the Bank has reached Birr 234.2 million with a growth rate of 31.9 percent from the previous year’s expense. The largest share of the total expense is generated from the general expense (36.9%), followed by salaries & benefits (31.9%) and finally interest expense (31.2%). Salaries & benefits have shown an increment of 67.2 percent due to the fact that branch expansion and staffing has grown considerably compared to the preceding year.

### Table 5: Composition of Expenses in ‘000 of Birr

<table>
<thead>
<tr>
<th>Description</th>
<th>Jun-15</th>
<th>% share</th>
<th>Jun-14</th>
<th>% share</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expense</td>
<td>73,055</td>
<td>31.20</td>
<td>60,593</td>
<td>34.13</td>
<td>12,462</td>
</tr>
<tr>
<td>General Expense</td>
<td>86,357</td>
<td>36.88</td>
<td>72,240</td>
<td>40.69</td>
<td>14,117</td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>74,762</td>
<td>31.93</td>
<td>44,708</td>
<td>25.18</td>
<td>30,054</td>
</tr>
<tr>
<td>Total</td>
<td>234,174</td>
<td>100</td>
<td>177,541</td>
<td>100</td>
<td>56,633</td>
</tr>
</tbody>
</table>

2.2.5 Profit
The Bank achieved a profit before tax of Birr 138.6 million by the end of June 2015, with a growth rate of 13.9 percent from the preceding year’s performance. The relatively higher growth of expenses resulting from the significant branch expansion activities during the captioned period has affected growth of profit.

### Table 6: Composition of Profit ‘000 of Birr

<table>
<thead>
<tr>
<th>Description</th>
<th>Jun-15</th>
<th>Jun-14</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>372,738</td>
<td>299,198</td>
<td>73,540</td>
</tr>
<tr>
<td>Total Expense</td>
<td>234,174</td>
<td>177,541</td>
<td>56,633</td>
</tr>
<tr>
<td>Profit</td>
<td>138,564</td>
<td>121,657</td>
<td>16,907</td>
</tr>
</tbody>
</table>

2.2.6 Performance Ratio
Return on Asset (ROA) at the end of June 2015 was 4 percent compared to the previous year’s figure of 5 percent. The Return on Equity (ROE) was 20.7 percent and the earning per share with par value of Birr 1,000.00 was Birr 207.00, whereas the preceding year’s earnings per share was Birr 240.00. The earnings per share has declined from last year’s due to the fact that paid up capital has increased by Birr 137 million from the preceding year’s balance.

3. Human Resources
At the beginning of the fiscal year 2014/15, the Bank had 693 employees. Currently, the number of employees stands at 1,181 with a growth rate of 70.4 percent from the preceding year. The number has increased mainly due to the Bank’s aggressive branch expansion.

4. Information Technology
During the fiscal year under consideration, the Bank has accomplished major IT activities that have made enormous contributions to the service quality and profitability of the Bank. The Bank has been able to automate manual processes such as trade finance modules and payroll system
through the core banking system. Other applications such as loan follow up system have also been deployed, which have accelerated the credit process. Moreover, a large number of ATM cards have been produced and provided to customers. The Bank is currently in the process of commencing mobile banking and Point of Sales (PoS) service through 'Berhan Card’. The Bank also plans to plant additional ATMs in business areas and other convenient locations.

5. Branch Expansion

Branch expansion is one of the activities that the Bank has given due attention as a means of deposit mobilization and accessibility. The Bank has opened 27 new branches (16 city and 11 outlying), expanding the Bank’s total branch network to 72 branches (41 city and 31 outlying) by the end of June 2015.

6. Future Plan

The Bank’s newly designed 5 year strategic plan has been discussed in detail by the Bank’s Board of Directors and has been approved and implemented. The Plan focuses mainly on branch network expansion, raising the Bank’s capital, deposit mobilization, human resource development, maintaining asset quality, enhancing IT infrastructure, providing quality customer service, expanding the Bank’s market share, and building a strong foundation for the Bank’s future profitability. Overall, Berhan International Bank has registered encouraging growth in the fiscal year ended June 30, 2015 and is now working towards accelerating its growth and operational performance as stipulated in the five year strategic plan in order to continue this commendable growth in the years to come.
AUDITORS’ REPORT
INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF BERHAN INTERNATIONAL BANK SHARE COMPANY (S.C.)

Report on the financial Statements

We have audited the accompanying financial statements of Berhan International Bank S.C., which comprise the balance sheet as at 30 June 2015, and the related income statement, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles, 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditors considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Berhan International Bank S.C. as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

We have no comments to make on the report of the Board of Directors of the Bank in so far as it relates to these financial statements and pursuant to Article 275 of the Commercial Code of Ethiopia 1990 recommend approval of the financial statements.

TAY & Co.
Chartered Certified Accountants & Authorized Auditors

Addis Ababa
August 20, 2015

Berhan International Bank S.C.
Balance Sheet
As at 30 June 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Bank Deposits</td>
<td>3</td>
<td>1,243,215,691</td>
</tr>
<tr>
<td>Other Assets</td>
<td>4</td>
<td>140,776,825</td>
</tr>
<tr>
<td>Loans and Advances (net)</td>
<td>20(5)</td>
<td>1,875,485,234</td>
</tr>
<tr>
<td>Investment in NBE Bills</td>
<td>26(2)</td>
<td>83,745,511</td>
</tr>
<tr>
<td>Property, Plant and Equipment (net)</td>
<td>26(6)</td>
<td>54,627,556</td>
</tr>
<tr>
<td>Acquired Properties</td>
<td>3</td>
<td>5,325,906</td>
</tr>
<tr>
<td>Deferred Charges (net)</td>
<td>26(7)</td>
<td>15,170,000</td>
</tr>
<tr>
<td>Investments in Shares</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td>4,171,944,422</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers Deposits</td>
<td>9</td>
<td>3,002,496,301</td>
</tr>
<tr>
<td>Margin Held on Letter of Credits</td>
<td>10</td>
<td>101,180,477</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>12</td>
<td>242,051,476</td>
</tr>
<tr>
<td>Provision for Profit Tax</td>
<td>22</td>
<td>34,014,927</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td>3,445,142,609</td>
</tr>
<tr>
<td>Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up Share Capital</td>
<td>11</td>
<td>573,124,099</td>
</tr>
<tr>
<td>Other Reserve</td>
<td>12</td>
<td>75,265,562</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>27</td>
<td>78,412,262</td>
</tr>
<tr>
<td>Total Capital</td>
<td></td>
<td>726,801,823</td>
</tr>
<tr>
<td>Total Liabilities and Capital</td>
<td></td>
<td>4,171,944,423</td>
</tr>
</tbody>
</table>

Signed:

Ahlu Selamawit Almegeorg
Chairman of the Board of Directors

Ato Abraham Alameg
President

Annual Report 2014/15
## Berhan International Bank S.C.
### Income Statement
#### For the Year Ended 30 June 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>BIRR 2014</th>
<th>BIRR 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>13</td>
<td>210,352,664</td>
</tr>
<tr>
<td>Commission Income</td>
<td>14</td>
<td>69,348,316</td>
</tr>
<tr>
<td>Service Charges</td>
<td>15</td>
<td>46,597,390</td>
</tr>
<tr>
<td>Gain (Loss) on Foreign Currency</td>
<td></td>
<td>37,280,012</td>
</tr>
<tr>
<td>Other Income</td>
<td>16</td>
<td>9,151,421</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td><strong>372,737,802</strong></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Expenses</td>
<td>17</td>
<td>78,497,644</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>18</td>
<td>72,055,415</td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>19</td>
<td>74,761,901</td>
</tr>
<tr>
<td>Provision for Loans &amp; Advances</td>
<td></td>
<td>6,993,933</td>
</tr>
<tr>
<td>Provision for Claimed Guarantees</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Audit Fee</td>
<td></td>
<td>95,076</td>
</tr>
<tr>
<td>Directors Allowance</td>
<td>20</td>
<td>768,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td><strong>234,173,969</strong></td>
</tr>
<tr>
<td><strong>Profit before Tax</strong></td>
<td></td>
<td><strong>138,563,833</strong></td>
</tr>
<tr>
<td>Provision for Profit Tax</td>
<td>21</td>
<td>(14,014,151)</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td></td>
<td>184,549,682</td>
</tr>
<tr>
<td>Transfer to Legal Reserve</td>
<td></td>
<td>(26,137,423)</td>
</tr>
<tr>
<td>Net Profit after Tax &amp; Legal Reserve</td>
<td></td>
<td><strong>78,412,262</strong></td>
</tr>
<tr>
<td>Earnings per Share of BIRR 1.000</td>
<td>23</td>
<td>207</td>
</tr>
</tbody>
</table>

### Berhan International Bank S.C.
#### Cash Flow Statement
##### For the Year Ended 30 June 2015

<table>
<thead>
<tr>
<th>Item</th>
<th>BIRR 2014</th>
<th>BIRR 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow From Operating Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit for the year</td>
<td>138,563,833</td>
<td>121,656,741</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>14,694,825</td>
<td>7,907,943</td>
</tr>
<tr>
<td>Amortization</td>
<td>215,845</td>
<td>85,377</td>
</tr>
<tr>
<td>Provision for Doubtful Loans &amp; Advances</td>
<td>6,995,933</td>
<td>6,432,088</td>
</tr>
<tr>
<td><strong>Cash Flow From Operating before Changes in Working Capital</strong></td>
<td></td>
<td><strong>212,004,603</strong></td>
</tr>
<tr>
<td>Decrease (Increase) in Loans &amp; Advances excluding provision</td>
<td>(717,138,171)</td>
<td>(208,510,536)</td>
</tr>
<tr>
<td>Decrease (Increase) in Other Assets</td>
<td>(82,818,519)</td>
<td>(39,805,162)</td>
</tr>
<tr>
<td>Decrease (Increase) in Acquired Properties</td>
<td>(4,724,766)</td>
<td>(806,240)</td>
</tr>
<tr>
<td>Decrease (Increase) in Deferred Tax Assets</td>
<td></td>
<td>1,567,618</td>
</tr>
<tr>
<td>Increase (Decrease) in Deposits</td>
<td>1,056,692,249</td>
<td>418,674,412</td>
</tr>
<tr>
<td>Increase (Decrease) in Margin Held Account</td>
<td>62,219,762</td>
<td>(32,991,193)</td>
</tr>
<tr>
<td>Decrease (Increase) in Other Liabilities</td>
<td>62,802,212</td>
<td>46,766,140</td>
</tr>
<tr>
<td><strong>Cash Generated From Operation</strong></td>
<td></td>
<td><strong>537,492,203</strong></td>
</tr>
<tr>
<td>Withholding Tax Paid</td>
<td>11,191</td>
<td>-</td>
</tr>
<tr>
<td>Profit Tax Paid</td>
<td>(38,595,339)</td>
<td>(19,787,728)</td>
</tr>
<tr>
<td><strong>Net Cash flow from Operating Activities</strong></td>
<td></td>
<td><strong>506,507,855</strong></td>
</tr>
<tr>
<td>Cash Flow From Investing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of Fixed Assets</td>
<td>(40,121,791)</td>
<td>(14,662,565)</td>
</tr>
<tr>
<td>NBE Treasury Bills Collection</td>
<td></td>
<td>73,987,609</td>
</tr>
<tr>
<td>Investment in Shares</td>
<td>(6,340,000)</td>
<td>(47,000)</td>
</tr>
<tr>
<td>Investment in NBE Bills</td>
<td>(266,256,000)</td>
<td>(158,641,090)</td>
</tr>
<tr>
<td><strong>Net Cash flow from Investing Activities</strong></td>
<td></td>
<td><strong>312,317,791</strong></td>
</tr>
<tr>
<td>Cash Flow From Financing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Shares Issued</td>
<td>78,992,050</td>
<td>87,314,988</td>
</tr>
<tr>
<td>Dividends Paid</td>
<td>(80,772,263)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash flow from Financing Activities</strong></td>
<td></td>
<td><strong>67,816,635</strong></td>
</tr>
<tr>
<td>Changes in Cash and Cash Equivalents</td>
<td>263,646,702</td>
<td>241,743,211</td>
</tr>
<tr>
<td>Cash and Cash Equivalent at the Beginning of the Year</td>
<td>981,609,989</td>
<td>729,866,878</td>
</tr>
<tr>
<td><strong>Cash Balance at end of the year</strong></td>
<td></td>
<td><strong>1,245,216,691</strong></td>
</tr>
</tbody>
</table>

---

**Ato Abrehiam Alemseged**
Chairman of the Board of Directors

**Ato Abrehiam Alemseged**
President
## Berhan International Bank S.C.
### Notes to the Accounts
#### For the Year Ended 30 June 2015

### 1 General Information
Berhan International Bank share company has been established in Adis Ababa as per the Commercial Code of Ethiopia 1960, and it was licensed by the National Bank of Ethiopia on June 01, 2009 with the objective to engage in banking service in accordance with the Banking Business Proclamation number 592/2008. The bank has started operation on 09 October 2009.

### 2 Significant Accounting Policy
The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting standards and the laws and regulation of Commercial Code of Ethiopia 1960. The principal accounting policies adopted by the Bank, which are consistent with those applied in the preceding year, are stated below:

a) Monetary items denominated in foreign currencies are translated at selling and buying exchange rate for assets and liabilities respectively ruling at the balance sheet dates. Gains/losses arising on retranslation are recognized in profit and loss in the period in which they arise.

b) Foreign exchange transactions during the year are expressed in Birr at the actual rates prevailing on the transaction dates.

c) Fixed assets are stated at cost less accumulated depreciation.

d) The depreciation base for pooling system in the opening book value of assets category increased by the cost of assets acquired and decreased by the sales price of assets disposed. Buildings are depreciated at straight line method. The depreciation rates for each class of fixed assets are:

- Computer and accessories
- Other fixed assets
- Building

- 5%
- 20%
- 5%

- Pre-operating costs incurred during establishment of the bank and for branch openings are capitalized and amortized at 20% per annum.

- Loans and advances are stated at cost less provisions for bad debts. Provision for bad debts on outstanding loans and advances are determined based on the percentages dictated in NBE directive 8/2008.

### 3 Cash and Bank Deposits

<table>
<thead>
<tr>
<th></th>
<th>Birr 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand- Local Currency</td>
<td>448,399,996</td>
</tr>
<tr>
<td>Cash on Hand- Foreign Currency</td>
<td>11,812,132</td>
</tr>
<tr>
<td>Reserve Account with NBE</td>
<td>15,900,000</td>
</tr>
<tr>
<td>Payment &amp; Settlement Account with NBE</td>
<td>13,853,385</td>
</tr>
<tr>
<td>Issuer Account with NBE</td>
<td>15,408,000</td>
</tr>
<tr>
<td>Deposit with Local Banks</td>
<td>470,940,351</td>
</tr>
<tr>
<td>Deposit with Foreign Banks</td>
<td>128,685,536</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,243,216,071</strong></td>
</tr>
</tbody>
</table>

### Currency: Ethiopian Birr

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Other Reserve</th>
<th>Legal Reserve</th>
<th>Retained Earning</th>
<th>Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July 2013</td>
<td>313,900,050</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prior Period Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional Shares Issued</td>
<td>83,214,388</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend Capitalized</td>
<td>36,217,021</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends Retained</td>
<td>2,523,676</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the Year</td>
<td>-</td>
<td>-</td>
<td>89,293,584</td>
<td>89,293,584</td>
</tr>
<tr>
<td>Transfer to Legal Reserve</td>
<td>-</td>
<td>-</td>
<td>22,323,390</td>
<td>22,323,390</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2014</strong></td>
<td><strong>455,532,329</strong></td>
<td><strong>2,523,676</strong></td>
<td><strong>49,128,141</strong></td>
<td><strong>554,442,136</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Other Reserve</th>
<th>Legal Reserve</th>
<th>Retained Earning</th>
<th>Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July 2014</td>
<td>435,532,329</td>
<td>2,523,676</td>
<td>49,128,141</td>
<td>554,442,136</td>
</tr>
<tr>
<td>Prior Period Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional Shares Issued</td>
<td>78,592,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend Capitalized</td>
<td>58,999,671</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment on Dividends Retained</td>
<td>-</td>
<td>2,523,676</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends in cash</td>
<td>-</td>
<td>-</td>
<td>10,781,997</td>
<td>10,781,997</td>
</tr>
<tr>
<td>Profit for the Year</td>
<td>-</td>
<td>-</td>
<td>104,549,682</td>
<td>104,549,682</td>
</tr>
<tr>
<td>Transfer to Legal Reserve</td>
<td>-</td>
<td>-</td>
<td>26,137,421</td>
<td>26,137,421</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2015</strong></td>
<td><strong>571,134,000</strong></td>
<td><strong>2,523,676</strong></td>
<td><strong>76,415,263</strong></td>
<td><strong>650,073,939</strong></td>
</tr>
</tbody>
</table>

---

[Chairman of the Board of Directors]

[Signature]

Ali Ahmed Ali
Chairman of the Board of Directors
## Berhan International Bank S.C.
### Notes to the accounts
#### For the Year Ended 30 June 2015

### 4 Other Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Birl</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized Effects - Local</td>
<td>6,468,934</td>
<td>3,665,619</td>
</tr>
<tr>
<td>Unrealized Effects - Foreigns</td>
<td>16,909,595</td>
<td>4,259,631</td>
</tr>
<tr>
<td>Supplies Stock Account</td>
<td>1,781,643</td>
<td>1,186,598</td>
</tr>
<tr>
<td>Accrued Interest Receivable on Time/Special Deposit</td>
<td>9,625,938</td>
<td>6,500,771</td>
</tr>
<tr>
<td>Prepaid Office Rent</td>
<td>58,809,574</td>
<td>31,721,900</td>
</tr>
<tr>
<td>Purchase Advances</td>
<td>63,539,937</td>
<td>4,044,344</td>
</tr>
<tr>
<td>Fixed Assets in Store</td>
<td>2,219,957</td>
<td>5,285,275</td>
</tr>
<tr>
<td>Prepaid RUSIKON License Fee</td>
<td>584,860</td>
<td>1,475,782</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>27,775,437</td>
<td>19,481,519</td>
</tr>
<tr>
<td>YTT's &amp; MTs Receivable Local</td>
<td>9,703,996</td>
<td></td>
</tr>
<tr>
<td>Emergency Staff Loan</td>
<td>10,881,471</td>
<td>5,349,724</td>
</tr>
<tr>
<td>Prepaid Insurance</td>
<td>832,429</td>
<td>472,633</td>
</tr>
</tbody>
</table>

| Total                                            | 169,794,025 | 77,318,196 |

### 5 Loans and Advances

<table>
<thead>
<tr>
<th>Description</th>
<th>Birl</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture &amp; Production</td>
<td>2,108,599</td>
<td>1,709,459</td>
</tr>
<tr>
<td>Transport</td>
<td>261,435,892</td>
<td>180,307,490</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>78,219,460</td>
<td>56,093,168</td>
</tr>
<tr>
<td>Domestic Trade &amp; Services</td>
<td>776,239,384</td>
<td>261,278,873</td>
</tr>
<tr>
<td>Import and Export</td>
<td>357,144,548</td>
<td>236,668,011</td>
</tr>
<tr>
<td>Construction Loans</td>
<td>243,608,890</td>
<td>248,536,465</td>
</tr>
<tr>
<td>Personal Loan</td>
<td>53,670,008</td>
<td>56,182,072</td>
</tr>
<tr>
<td>Home Loan</td>
<td>109,387,880</td>
<td>69,962,472</td>
</tr>
<tr>
<td>Total Loan Balance</td>
<td>1,901,834,121</td>
<td>1,184,655,980</td>
</tr>
<tr>
<td>Less: Provision for Bad Loans &amp; Advances</td>
<td>(26,348,917)</td>
<td>(19,732,951)</td>
</tr>
</tbody>
</table>

| Total                                            | 1,875,485,234 | 1,065,922,999 |

### 6 Investments

#### 6.1 Investments in Shares

<table>
<thead>
<tr>
<th>Description</th>
<th>Birl</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berhan Insurance S.C.</td>
<td>3,600,000</td>
<td>3,600,000</td>
</tr>
<tr>
<td>Premier Switch Solution S.C.</td>
<td>4,800,000</td>
<td>4,800,000</td>
</tr>
<tr>
<td>Ethi Switch S.C.</td>
<td>1,100,000</td>
<td>500,000</td>
</tr>
</tbody>
</table>

| Total                                            | 9,500,000 | 9,000,000 |

#### 6.2 Investment in NBE Bills

In accordance with NBE directive on MFI/NBE BILLS/081/2011, the Bank has purchased NBE Bills to the equivalent of 27% of total loan disbursed during the year. The Bills are interest bearing at 3% with maturity period of five years.

### 7 Deferred Charges

<table>
<thead>
<tr>
<th>Description</th>
<th>Birl</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment Cost</td>
<td>2,376,883</td>
<td>2,126,883</td>
</tr>
<tr>
<td>Loss: Amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Balance</td>
<td>(4,063,039)</td>
<td>(3,207,651)</td>
</tr>
<tr>
<td>Amortization during the year</td>
<td>(213,861)</td>
<td>(825,376)</td>
</tr>
<tr>
<td>Balance Carried Forward</td>
<td>(4,270,893)</td>
<td>(4,063,039)</td>
</tr>
</tbody>
</table>

| Total                                            | -     | (213,861) |

### 8 Property, Plant & Equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>Birl</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office &amp; Other Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Software</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office &amp; Other Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Software</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total                                            |       |         |

### 9 Deposits

<table>
<thead>
<tr>
<th>Description</th>
<th>Birl</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-Bearing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Resident FCY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on FCY Accuml</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Exchange Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total                                            |       |         |
### Berhan International Bank S.C.

#### Notes to the accounts

**For the Year Ended 30 June 2015**

<table>
<thead>
<tr>
<th>18 Other Liabilities</th>
<th>BIRR 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Interest on Fixed Time Deposits</td>
<td>13,220,066</td>
</tr>
<tr>
<td>Accrued Lease Payable</td>
<td>4,544,093</td>
</tr>
<tr>
<td>Sundry Payables</td>
<td>2,830,551</td>
</tr>
<tr>
<td>Blocked Amount/Accounts</td>
<td>7,012,808</td>
</tr>
<tr>
<td>CPO &amp; Certified Cheques</td>
<td>126,668,621</td>
</tr>
<tr>
<td>Exchange Commission Payable to NBE</td>
<td>3,222,100</td>
</tr>
<tr>
<td>Collection from Shareholders</td>
<td>32,771</td>
</tr>
<tr>
<td>Pension Fund Payable</td>
<td>723,144</td>
</tr>
<tr>
<td>Income Taxes payable</td>
<td>1,245,271</td>
</tr>
<tr>
<td>Divides Contributions and other taxes</td>
<td>1,647,409</td>
</tr>
<tr>
<td>Unearned and Unapplied Interest</td>
<td>2,921,628</td>
</tr>
<tr>
<td>Interest Suspense</td>
<td>4,058,477</td>
</tr>
<tr>
<td>TT &amp; MT's Payable Local</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>289,792</td>
</tr>
<tr>
<td>Audit Fee Payable</td>
<td>86,250</td>
</tr>
<tr>
<td>Withholding Taxes payable</td>
<td>160,262</td>
</tr>
<tr>
<td>Value Added Tax payable</td>
<td>2,948</td>
</tr>
<tr>
<td>Bonus Payable</td>
<td>-</td>
</tr>
<tr>
<td>Dividend Tax Payable</td>
<td>307,338</td>
</tr>
<tr>
<td>Refund to shareholders</td>
<td>2,571,825</td>
</tr>
<tr>
<td>Cheque Clearance</td>
<td>7,099,225</td>
</tr>
<tr>
<td>Amount Blocked for Guaranteee Insurance</td>
<td>56,116,213</td>
</tr>
<tr>
<td>Provision for claimed Guarantee</td>
<td>6,828,586</td>
</tr>
<tr>
<td>ATM settlement Remone on US</td>
<td>947,098</td>
</tr>
<tr>
<td>Cost Staring Payable</td>
<td>4,937</td>
</tr>
</tbody>
</table>

**Total** 242,851,876

<table>
<thead>
<tr>
<th>11 Paid up Share Capital</th>
<th>BIRR 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>The authors share capital of the bank is BIRR 700 million comprising 700,000 ordinary shares at par value of BIRR 1,000 each. Total subscribed shares at the balance sheet date is BIRR 625,966,009 out of which BIRR 573,124,000 is fully paid.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12 Legal Reserve</th>
<th>BIRR 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with the Articles of Association of the bank and Proclamation No 592/2008 article 19 of the Licensing and Supervision of Banking, 25% of profit after tax is transferred to legal reserve until the balance reaches 100% of the paid-up capital.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13 Interest Income</th>
<th>BIRR 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest earned on Loans &amp; Advances</td>
<td>189,742,835</td>
</tr>
<tr>
<td>Interest earned on Surplus Fund</td>
<td>29,410,029</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>219,352,864</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>14 Commission Income</th>
<th>BIRR 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import Letters of Credit</td>
<td>15,538,328</td>
</tr>
<tr>
<td>Commission on Purchase order &amp; Other Services</td>
<td>14,866,838</td>
</tr>
<tr>
<td>Commission on Letter Of Guarantee</td>
<td>78,643,250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>109,048,416</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>15 Service Charges</th>
<th>BIRR 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Charge- Local</td>
<td>6,285,036</td>
</tr>
<tr>
<td>Service Charge- Foreign</td>
<td>49,312,353</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>55,597,390</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>16 Other Income</th>
<th>BIRR 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimation and Inspection Fee</td>
<td>599,145</td>
</tr>
<tr>
<td>Commission charges collected</td>
<td>1,617,454</td>
</tr>
<tr>
<td>Bankers Cheque issue charges</td>
<td>1,173,992</td>
</tr>
<tr>
<td>Telex &amp; SWIFT</td>
<td>607,208</td>
</tr>
<tr>
<td>Cash Surplus</td>
<td>82,155</td>
</tr>
<tr>
<td>Income from Claimed Guarantees</td>
<td>3,394,535</td>
</tr>
<tr>
<td>Sundries</td>
<td>1,817,672</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,151,421</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>17 General Expenses</th>
<th>BIRR 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>14,044,825</td>
</tr>
<tr>
<td>Amortization of Establishment Cost</td>
<td>213,845</td>
</tr>
<tr>
<td>Rent</td>
<td>22,940,836</td>
</tr>
<tr>
<td>Stationary &amp; Office Supplies</td>
<td>4,066,867</td>
</tr>
<tr>
<td>Business Travel &amp; Transportation</td>
<td>619,285</td>
</tr>
<tr>
<td>Communication</td>
<td>3,770,061</td>
</tr>
<tr>
<td>Fees</td>
<td>374,076</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,411,800</td>
</tr>
<tr>
<td>Taxes</td>
<td>18,946</td>
</tr>
<tr>
<td>Fuel &amp; Lubricant</td>
<td>1,790,163</td>
</tr>
<tr>
<td>Wages</td>
<td>257,091</td>
</tr>
<tr>
<td>Sundries</td>
<td>662,597</td>
</tr>
<tr>
<td>Travel and Local</td>
<td>856,385</td>
</tr>
<tr>
<td>Conference &amp; Meeting</td>
<td>740,283</td>
</tr>
<tr>
<td>Repair &amp; Maintenance</td>
<td>3,660,291</td>
</tr>
<tr>
<td>Utilities</td>
<td>298,846</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>678,816</td>
</tr>
<tr>
<td>Advertisement/ Publicity</td>
<td>4,882,224</td>
</tr>
<tr>
<td>Business Promotion</td>
<td>2,188,285</td>
</tr>
<tr>
<td>Loss on P/Y Account</td>
<td>10,038,799</td>
</tr>
<tr>
<td>Inauguration</td>
<td>17,231</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>561,621</td>
</tr>
<tr>
<td>Security and Junior Service</td>
<td>209,914</td>
</tr>
<tr>
<td>Entertainment</td>
<td>1,188,136</td>
</tr>
<tr>
<td>Loss Due to Damage</td>
<td>29,124</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>333,728</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>78,497,644</td>
</tr>
</tbody>
</table>

**Total** 56,390,628
18 Interest Expenses
- Interest on Saving Deposits: Birr 52,282,244, 33,647,685
- Interest on Fixed Time Deposits: 20,771,171, 26,365,480
- Total: Birr 73,053,415, 60,013,165

19 Salaries and Benefits
- Clerical Staff Salaries: Birr 64,234,596, 23,900,690
- Non-Clerical Staff Salaries: 6,120,592, 4,289,462
- Provident Fund Contribution: 1,748,483, 1,718,671
- Cash Indemnity Allowance: 1,426,566, 952,290
- Uniforms: 1,372,872, 425,152
- Training & Education: 230,168, 86,821
- Severance & Leave Pay: 2,369,495, 1,485,821
- Medical: 772,860, 492,046
- Bonus: 6,559,358, 415,111
- Other Allowances & Benefits: 8,655,419, 3,921,547
- Representation Allowance: 2,818, 82,497
- Pension Fund Contribution: 4,627,173, 1,646,425
- Total: Birr 74,761,901, 44,797,992

20 Directors Allowance
Directors' allowances represent monthly allowance of Birr 2,000 per month and annual compensation of Birr 50,000 per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE directive SBB 49/2011.

21 Provision for Taxation
- Profit before tax: Birr 138,563,833, 121,656,741
- Less: Interest income taxed at source
  - Interest on deposit with other domestic banks: 10,593,308, 392,842
  - Interest on treasury Bills and NBE bills: 19,905,625, 15,251,850
  - Interest on Deposit with Foreign banks: 11,049, 31,610
- Add: Disallowed Expenses
  - Entertainments: 2,286,136, 1,530,603
  - Loss on Disposal: 29,124, 8,859
  - Donations: 1,640,180, 213,024
  - Penalty: 471,259, 144,073
- Taxable Profit: 133,388,563, 127,875,189
- Provision for Taxation (at 30% tax rate): 34,014,151, 32,515,557

22 Provision for Profit Tax
- Balance Brought Forward: Birr 38,993,339, 18,420,110
- Profit Tax Paid during the year & WHT Receivable: 30,993,339, 18,420,110
- Current Year Provision for Profit Tax: 34,014,151, 32,515,557
- Reversal of Deferred Tax Asset: -1,167,015
- Balance Carried Forward: 34,014,151, 36,958,339

23 Earning per Share
Earning per share for the year is computed by dividing the net profit after tax but before legal reserves by the average number of shares outstanding during the year. Average number of shares is computed on simple average basis.

24 Certain comparative figures were recalculated where necessary to facilitate comparison.

25 Commitments and Contingent Liabilities
<table>
<thead>
<tr>
<th>Amount</th>
<th>Birr 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantees Issued and Outstanding</td>
<td>1,009,771,066</td>
</tr>
<tr>
<td>Commitments on Letter of Credit net of Margin Paid</td>
<td>113,676,237</td>
</tr>
<tr>
<td>Reserve Approved but not Disbursed</td>
<td>189,466,272</td>
</tr>
<tr>
<td>Total</td>
<td>1,312,863,576</td>
</tr>
</tbody>
</table>

A tax assessment was conducted by the Ethiopia Revenue and Custom Authority covering the financial years from 2001-2012. Additional taxes, interest and penalty amounting to Birr 25,669,296.56 was levied by the tax office. However, the bank has appealed to the tax appeal committee against the additional taxes for which hearing is not conducted and the decision is not yet known.