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**AwashBank**

Nurturing Like the River

# **ANNUAL REPORT**

## **FOR FINANCIAL YEAR ENDED**

### **30 JUNE 2020**



## VISION

**"To be the First Choice  
World Class Bank."**

## MISSION

**"To provide innovative,  
competitive and diversified  
banking services accessible  
to the society with qualified  
and dedicated staff in a  
profitable and socially  
responsible manner."**



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## CORE VALUES

**A- Accessibility**

**W-Wisdom**

**A-Accountability**

**S-Socially Responsible**

**H-Honesty**



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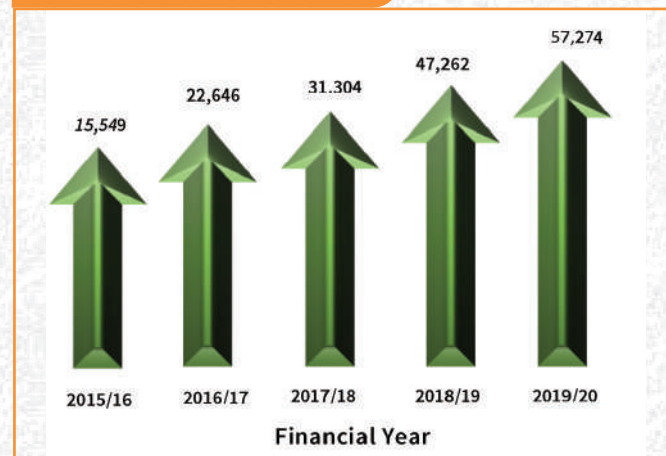


## Highlights of Major Performances (In Millions of Birr)

### Deposit



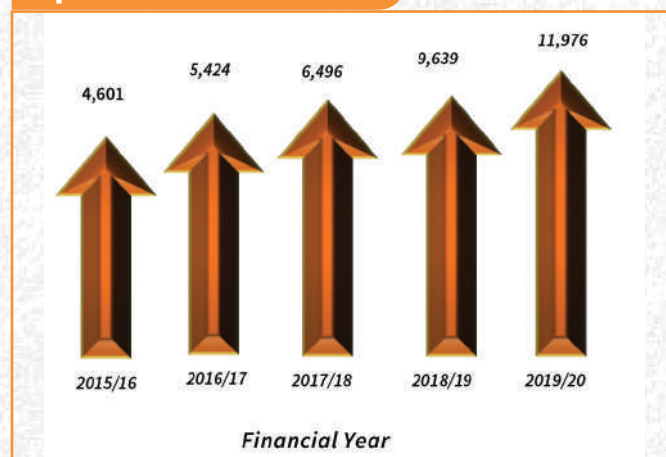
### Loans & Advances



### Total Assets



### Capital & Reserve



### Profit before Tax







## Responding to Changing Life

581 POS Terminals



10,130 Staff



Mobile Banking



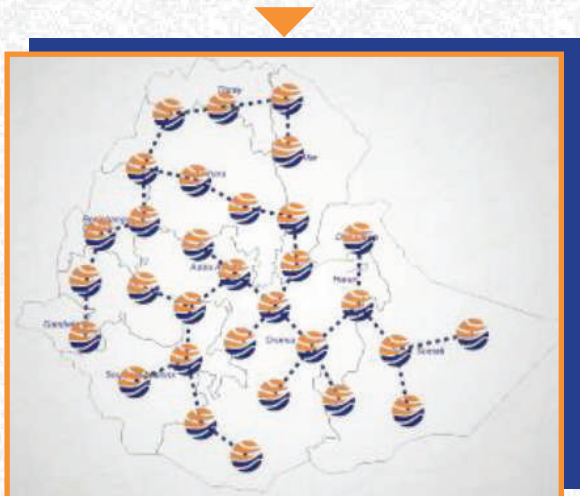
Online Banking



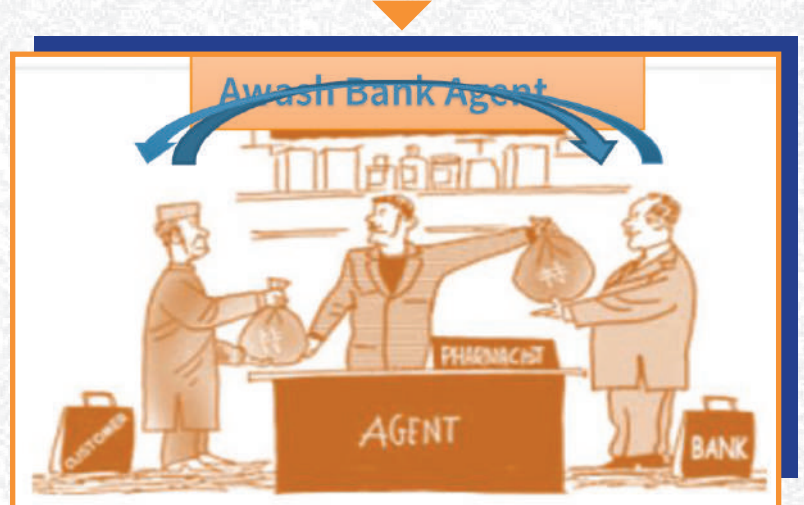
468 Active ATMs



466 Branches



Agent Banking





## THE BOARD OF DIRECTORS



**Ambassador Dr. Dibaba Abdeta**  
Chairman



**Gure Kumssa**  
V/Chairman



**Abaynesh Bekele**  
Director



**Abaynesh Merga**  
Director



**Alemu Tita**  
Director



**Beza Tadesse**  
Director





**Getachew Olana**  
Director



**Girma Guluma (Eng)**  
Director



**Gudissa Legesse**  
Director



**Kedeme Teshome**  
Director



**Roba Arega**  
Director



**Yoseph Yonas**  
Director



## BOARD CHAIRMAN'S MESSAGE



**Ambassador Dr. Dibaba Abdeta**  
Chairman

**O**n behalf of the Board of Directors and on my own behalf, it is my great pleasure to welcome you all to the 25<sup>th</sup> Awash Bank's Shareholders' Annual General Assembly Meeting of the FY 2019/20. I would also like to acknowledge our honored Shareholders, Customers, Management members and all other employees of the Bank for their continued trust, unshakable patronage and commitment extended to the Bank all the years, which enabled our Bank to register again another astonishing result in all spheres of its operational activities. It is our strong belief that your all-rounded support will continue to make your Bank to remain the leading private Bank in the coming years.

Despite the inconveniences created by COVID-19 Pandemic, it is a privilege to host this meeting in such environment to share the successes of your Bank in various spheres of operational areas, including deposits, loans and advances, income, branch networks and above all, gross profit during the financial year 2019/20.

The FY 2019/20 is the year of challenges to the country in general, and to the banking industry in particular. One of the challenges was the unprecedented Coronavirus (COVID-19) pandemic posed on the whole world in general and on the Ethiopian economy in particular. The other challenges were the relatively elevated inflation, political instability in some parts of the country and stiff competition in the banking industry. Despite all these challenges; however, our Bank operated efficiently and once again has recorded a meritorious performance and a unique result of its kind during the FY 2019/20. It is also worth mentioning that the Bank's annual achievement was by far greater than the cascaded yearly planned target to be implemented, on the fourth year of the ten years Strategic Journey of **"Transforming AB: Vision 2025"** Project.

Awash Bank showed a continued progress in building a stronger and safer Bank that is capable of delivering higher returns to its Shareholders. Over recent years, the Bank has increased income, capital and dividend paid out with a track record of creating a significant value for the shareholders.

When compared with the accomplishments of the preceding year for major activities, this year's operational performance surpassed in all sectors. Accordingly, deposits increased by 19 percent, loans and advances by 21 percent, income by 27 percent and gross profit by 8 percent during the year under review. Earnings on foreign currency during the year has reached USD 865 million, which is slightly below last year same period by 6% (USD 53.8 million) owing to the decline of foreign currency earnings from remittance and exports due to the prevalence of the Coronavirus (COVID-19).

Furthermore, total asset has reached Birr 89.3 billion, indicating a growth of 20% as compared to that of last year same period. The increments registered in income and gross profit in particular are because of the strong efforts made bank-wide to maximize the wallet-share of the Bank. The other major contributory factors are





the efforts exerted to reduce expense, the focused efforts made in the resource mobilization and also the continuous hard work put forth in the collection of loans as a result of which significant reduction was observed on the status of Non-Performing Loans (NPLs).

The significant performances registered were the sum results of the wise guidance of the Board of Directors, the prudent and coordinated leadership of the Senior and Middle-Level Management as well as the unreserved commitment of the entire staff of the Bank who deserve commendations of the Board.

In an effort to strengthen its asset base, the Bank has initiated own building construction projects at different strategic areas. This is believed to ensure long-term and sustainable growth of the assets of the Bank. The major landmark in relation to this initiative includes, the 2B+13 storey Bulbula Mixed-use Building whose construction work is under way. The Bank also acquired plots of land for new building projects both in Bale Robe and Asella towns whose construction processes are in good progress. In addition, with the desire to construct a new Head-Office Building commensurate with the image and size of Awash Bank, a construction site, with an area of 8,800 m<sup>2</sup> has been solicited from the A.A City Administration whose title deed transfer and related payments are under process and hoped to be completed shortly.

With regard to the Human Resource Management Services of the Bank, the Human Resource Management Policies and Procedures of the Bank were revised to enable attracting, motivating and retaining qualified and skilled manpower. In line with this, steps were taken to improve manpower efficiency, focusing on optimizing the existing resource through promotions postings, transfers and skill development/capacity building initiatives. The nature of the business also requires continuous skill upgrading through in-house or outsourced trainings. Accordingly, out of the 10,130 employees of the Bank, short-term training was given to 7,724 employees and 640 employees were also sponsored by the Bank to pursue higher education at different levels during the year under review. A total of Birr 46.6 million was spent on human resource development during the FY 2019/20.

I would like to stress at this point that the Board and the Management are confident to work hard during the financial year 2020/21, in spite of the continuing fierce competition amongst the banks and the fear of the spread of COVID-19. The Board is also fully assertive that Awash Bank shall remain the leading private commercial bank in the country. Given the dedication of the Board, the commitment of the Management Team and the competency of the entire employees, the attainment of its grand vision of becoming "**World**

**Class Bank**" is inevitable.

The Bank continues to deliver on its strategic commitments, which drive the operational performances and create value for the owners of the Bank, the Shareholders as well as the communities at large. Both the Board and the Management are as determined and committed as before to combine their skills and energies and embark on registering yet another new shining success to maintain AB's leading position amongst the private commercial banks in the country.

In addition to its corporate objectives, the contribution of the Bank to the growth of the national economy and the wellbeing of its citizens is conspicuous as observed from the tax paid and the corporate social responsibilities fulfilled. In line with this, during the FY 2019/20, our Bank has made financial supports for the construction of the Grand Ethiopian Renaissance Dam (GERD), for the prevention of COVID-19 pandemic, for the Addis Ababa City and Regional Parks Development and for the Addis Ababa City School's Students Feeding Program. The Bank has paid income and other taxes to the tune of Birr 1.3 billion during the FY 2019/20 and was offered a **Platinum Award**, as one of the top tax payers of the country.

In conclusion, on behalf of the Board of Directors, I would like to once again extend my sincere gratitude to the Bank's Shareholders, Customers, Business Partners and other Stakeholders for their continuous and indispensable support and trust. My special appreciation goes to the Management Team and the entire employees, for their dedicated services, belongingness and hard work to upsurge their Bank, in delivering commendable results and enabling the Bank to maintain its leading position among the private commercial banks in the country.

I would like to thank the National Bank of Ethiopia (NBE) for providing us diligent guidance and strong support. I would also like to express my appreciation to Correspondent Banks, Diaspora Communities and NGOs for their willingness to cooperate and work with our Bank and we look forward to their continuous commitment to work with us in the future also.

Finally, recalling that the Bank has come a long way so far and has still a long way to go, I want to assure you that in the years to come, our Bank will strongly scrutinize the laid down Vision and Strategy to bring about further excellence by exploiting opportunities and withstanding the challenging environment.

Thank you,



## EXECUTIVE MANAGEMENT



**Tsehay Shiferaw**  
Chief Executive Officer



**Yohannes Merga**  
Chief Information Officer



**Tadesse Gemedo**  
Chief, Wholesale Banking Officer



**Tilahun Geleta**  
Chief, Finance & Support  
Services Officer



**Henock Tessema**  
Chief, Retail & SME Banking Officer



**Abebe Deressa**  
Chief, Corporate Strategy  
and Transformation Officer



**Dessalegn Tolera**  
D/Chief, Credit Analysis  
& Portfolio Mgt. Officer





**Teklu Wodajo**  
D/Chief, Human Resource Mgt. Officer



**Abdella Adem**  
Director, Interest Free Banking  
Directorate



**Beyene Dekeba**  
Director, IT Infrastructure &  
Service Mgt. Directorate



**Berhanu Balcha**  
Director, Finance & Treasury  
Directorate



**Ebisa Derbie**  
Director, Marketing & Communication  
Directorate



**Ephrem Bogale**  
Director, SME Banking Directorate



**Gacho Warra**  
Director, Credit Portfolio  
Management Directorate



**Hailu Maskala**  
Director, Learning & Development  
Directorate



**Hailu Woldegebriel**  
Executive Assistant to the CEO



## EXECUTIVE MANAGEMENT



**Kefyalew Shiferaw**  
Director, E-Banking  
Operation Directorate



**Lamessa Soboka**  
Director, Corporate  
Banking Directorate



**Lemessa Bulti**  
Director, Internal Audit  
Directorate



**Lemi Furgasa**  
Director, Credit Appraisal  
& Analysis Directorate



**Netsanet W/Kidan**  
Director, Trade Services Directorate



**Nurfeta Legesse**  
Director, Business Solutions  
Directorate



**Soressa Alemu**  
Director, Shared Service Directorate



**Takele Arega**  
Director, Legal Services Directorate





**Tegene Tesfaye**  
Director, Business Banking  
Directorate



**Temesgen Busha**  
Director, Strategy & Corporate  
Transformation Directorate



**Temesgen Workineh**  
Director, Employee Service &  
Talent Mgt. Directorate



**Wondimagegnehu Birhanu**  
Director, Talent Acquisition &  
On Boarding Directorate



**Yonas Kumera**  
Board Secretary



**Yordanos Mekonen**  
Director, Enterprise Risk &  
Compliance Mgt. Directorate



**Zebene Kaba**  
Director, Personal Banking Directorate



# CHIEF EXECUTIVE OFFICER'S STATEMENT



**Tsehay Shiferaw**  
Chief Executive Officer

**O**n behalf of the Management of Awash Bank and on my own behalf, I would like to congratulate all Shareholders of the Bank, respected Board of Directors, esteemed customers, committed Management members, all hard working staff and other stakeholders of the Bank on the extraordinary achievement our Bank has recorded in almost all financial and non-financial parameters for the financial year ended June 30, 2020.

Let me seize this opportunity to congratulate you all and the Shareholders, Board of Directors, customers, Management and staff members of our sister company,

Awash Insurance Company S.C., on the successful and memorable commemoration of the Silver Jubilee of the formation of the twin companies. The Silver Jubilee Celebration, which was commemorated for one month from October 25 up until November 23, 2019 under the theme, "Celebrating Success, Envisioning the Future" and a series of eye-catching events that took place corresponding to the anniversary celebration were very colorful, inclusive, creative and up to the standard of the two companies.

The celebration has, in fact, played its part for the sister companies to maintain their outstanding positions in the industries they are operating. The 25<sup>th</sup> Anniversary Book, which is prepared by a local consulting firm in the above regards, has the details about the history, growth and development of the sister companies apart from covering the banking and insurance industries of the country in perspective.

The Anniversary Book covers a wide-range of subjects and due attention has been given to it during its preparation. No doubt, it will serve as a reference material not only for the Awash community but also for the stakeholders and the general public who are interested to know about the progress and current developments of banking and insurance business in the country. I hope, all those interested will enjoy reading the Book and benefit a lot out of it.

The financial year just ended was indeed a very challenging year by all standards. The novel coronavirus (COVID-19), which was declared by the World Health Organization (WHO) as a global pandemic, has totally disrupted the economic, political, social and cultural fabrics of societies across the globe. The world economy experienced a historic and unprecedented economic shock. The impact of this global pandemic was unparalleled and it resulted in closure of businesses domestically as well as globally. The health crisis led to economic crisis, which in many places led to social crisis as a result of what is referred in Economics as a Domino Effect.

Domestically, business was not as usual. The impact of the coronavirus was far-reaching and such economic sectors like tourism and hospitality, transport, construction, entertainment industry and manufacturing were very much vulnerable and hard hit



by the pandemic. In an effort to ameliorate the possible destructive situations of the virus on the well-being of human life in general and on business in particular, our Bank made some amendments on fees, commissions and charges as well as on lending interest rate of selected seriously hit sectors so that our customers will be able to withstand the problem and keep on sustaining their business.

Donations of over Birr 11 million was given to the Federal Government and other charity organizations to deal with the problem. Millions of Birr was also expended to purchase face mask, glove, sanitizer and other items for our staff and esteemed customers to prevent the spread of the pandemic. All-in-all, as a result of the unexpected coronavirus (COVID-19) pandemic, our Bank has foregone hundreds of millions of Birr that could otherwise have been an income to the Bank.

Though the performance of the export sector was commendable in the first half of the financial year, the export income, especially from the export of flower, has significantly declined in the second half mainly because of the lockdown in the European countries, movement restriction and declaration of state of emergency by most countries. In aggregate, the pandemic resulted in decline and slowdown of the economy in general.

Apart from the above, instability in some parts of the country and subsequent closure of branch offices for a couple of days, stiff competition among local banks for resource mobilization and the 30% foreign currency surrender requirement, which is still in place, are the challenges encountered during the financial year.

In spite of the above serious challenges, however, with a concerted effort of all, our Bank was able to perform commendably well in almost all financial and non-financial parameters.

Awash Bank's gross profit before tax stood at Birr 3.6 billion from Birr 3.34 billion of last year same period; i.e. Birr 256 million or 8% growth. This performance is by far the highest in the history of our Bank as well as in the private banking industry.

Following the shareholders' decision at its 16<sup>th</sup> Extraordinary Meeting held on November 30, 2019 to raise the paid-up capital of the Bank from Birr 6 billion to Birr 12 billion in three years time, the paid-up capital has now reached Birr 5.85 billion from Birr 4.38 billion of last year same period; that is, an increment of Birr 1.46 billion or 33.4%. Spurred by the capital increment, earning per share (EPS) has slightly declined from 632 in 2019 to 510 in 2020 for a par value of Birr 1,000. Nevertheless, I believe, it is very lucrative and encouraging to the shareholders.

The cost of operation for the year just ended was tremendous. This was generally because of enhanced operation, inflationary situation for goods and services country-wide, opening of 56 new branches against the plan of 40 and unexpected costs in connection with the prevention of the spread of coronavirus (COVID-19).

Accordingly, the total expense of the Bank has escalated from Birr 4.71 billion in 2019 to Birr 6.6 billion in 2020. Of the total expense items, interest expense, personnel expense, and other operating expenses took the highest share in their order.

Total deposit as at June 30, 2020 stood at Birr 74.3 billion and that was the highest deposit balance ever registered in our Bank as well as in the history of private banks. The deposit balance grew by Birr 11.8 billion or 19% in 2020 as compared to 2019.

Total asset significantly grew from Birr 74.64 billion in 2019 to Birr 89.3 billion in 2020; i.e., a growth of Birr 1.47 billion or 19.7% and that is commendable by all standards. Loans and advances took the lion's share of the total asset accounting for Birr 57.3 billion or 64% of the total asset of the Bank. NBE bills accounted for Birr 9.9 billion or 11% of the total asset, but thanks to the Government's decision to cease the 27% bills purchase requirement, the bills so far purchased are being redeemed at maturity and this will strengthen the liquidity position of the Bank for provision of loans and advances to those sectors that are in need of it.

The NPLs ratio as at June 30, 2020 stood at 1.7% and this was much lower than the threshold; i.e. 5%, set by the NBE. The NPLs ratio in comparison with the total loan portfolio is not as such big enough but still effort will be exerted with greater vigor to maintain the ratio at the lowest possible limit.

In general, the financial year 2019/20 was thriving in many respects as can be substantiated with the following, among others, major success stories:

1. For the fourth time, our Bank has successfully achieved all the targets set in the Grand Strategy. Hence, our journey to "Becoming One of the Top Ten East African Commercial Banks by the year 2025" is very likely achievable,
2. The Performance Management System, which is used in the planning, reward, staff capacity development and staff motivation system, has been internally developed and it will be put in place effective from FY 2020/21,
3. The Bank's new six story Jimma Building was fully completed and colorfully inaugurated on



November 16, 2019. The constructions of Bulbula Building here in Addis Ababa and Bale Robe Building have been started and are progressing well. Plots of land for our future Head-quarters Building and Assela Building have also been secured,

4. With the establishment of Coronavirus (COVID-19) Prevention Ad-hoc Committee bank-wide, all necessary awareness creation was made about the virus to all staff members of the Bank. The Committee is serving as a liaison between the Bank and external organs in the dissemination of information about the virus, provision of necessary support to vulnerable of the problem and the like. At this point, the work of the Ad-hoc Committee to withstand the problem and at the same time to ensure continuity of business is appreciable,
5. The effort to capacitate all staff members by providing the necessary training in-house, locally as well as abroad went extremely well and our Bank has fully utilized the budget earmarked in this regard.

The year ahead is expected to be challenging in the sense that competition among banks for deposit will be stiff, the 30% foreign currency surrender requirement, which is still in place, will erode the hard-won hard currencies of banks and the impact of the coronavirus (COVID-19) on business will sustain for some time to come. More specifically, banks will be challenged with the following objective realities:

- i. As we all recall, Ethiopia's parliament passed a bill to open up the country's financial sector to its citizens who have taken other nationalities, including allowing them to buy shares in local banks. This move is aimed at boosting the country's foreign exchange reserve and at the same time to enable the Ethiopian-born diaspora take part in the economic growth of the country.

A number of conventional and Islamic banks, some of them with even big capital subscription, are either under formation or about to commence operation and all these are expected to make the banking business tough.

- ii. The coronavirus (COVID-19) pandemic is expected to slow down economic growth and exacerbates poverty. This will make the existing trend of doing "business as usual" challenging,

- iii. Business is all about peace and stability. Obstacles, failure, risk and uncertainty are everywhere. However, as John C. Maxwell, a leadership guru, underscored in his book entitled, Leadership Secrets:

"Success does not mean avoiding failure. All of us fail. As we travel, we all hit potholes, take wrong turns or forget to check the radiator. The only person who avoids failure altogether is the person who never leaves his/her driveway. So, the real issue is not whether you are going to fail. It's whether you are going to fail successfully (profiting from failure)".

I'm still very optimistic that things will get better in the times to come and Awash will flourish nurturing its customers like the river.

At this point, I would like to once again extend my special gratitude to our valued customers for their loyalty and dedicated Management and strong staff members for the commendable performance registered.

At the end, I would also like to thank all Shareholders, Board of Directors, Federal and Regional Government Offices and especially the National Bank of Ethiopia and Financial Intelligence Center for their support, advice and guidance in our effort to achieve our business objectives.

**May the Almighty God bless us all and our country!**





# PICTORIAL PRESENTATION OF SHAREHOLDERS' MEETING



Partial View of the 24<sup>th</sup> Ordinary Shareholders' Meeting, November 30, 2019



Board of Directors in Group



# PICTORIAL PRESENTATION OF SEMI-ANNUAL MANAGEMENT MEETING, 2019/20



Partial View of Management Meeting, 2019/20





## Board of Directors' Report

The Board of Directors of Awash Bank feels honored to present the Annual Report and the Audited Financial Statements of the Bank to the 25<sup>th</sup> Annual General Meeting of Shareholders of Awash Bank. The report has been prepared in accordance with the International Financial Reporting Standards (IFRS), covering the period from July 1, 2019 to June 30, 2020.

Awash Bank continued to exhibit strong operational and financial performances in FY 2019/20, notwithstanding the global and domestic headwinds. During FY 2019/20, the global economy has encountered trade policy uncertainties, geopolitical tensions and outbreak of Novel Corona Virus Disease (COVID-19) pandemic. Various mitigation measures (such as lockdowns, travel bans, closure of schools and businesses) imposed by most countries to limit the spread of COVID-19 have disrupted consumption and investment activities, global trade flows, global production and supply chains, commodity prices and tourism flows.

According to World Bank's forecast of June 2020, the global economy is estimated to be in recession in 2020. The global economy is projected to contract sharply by 5.2 percent in 2020, much worse than during the 2008–09 financial crisis.

Commodity prices have been hit hard by the COVID-19 outbreak, though the impact varied significantly across commodities, depending on the specific end-use sectors and regions affected by the outbreak and on the storability and supply elasticity of the commodity. For instance, the prices of oil, industrial metals, textiles and fresh cut flowers have collapsed, while prices of coffee Arabica, wheat and rice have shown some improvements.

With regard to domestic economic developments, Ethiopian economy grew by 6.1 percent in 2019/20, lower than the original forecast of 9 percent, largely reflecting the adverse impact of the COVID-19 pandemic. Inflation also hovered above 15 percent, far above the Government's single digit target. The year also witnessed fastest depreciation of the exchange rate and widening of the premium between the official and the parallel market rate and major liquidity shortages in the banking system.

In spite of the global and domestic challenges, Awash Bank has registered impressive results in key operational and financial areas, indicating the Bank's ability to manage challenges and take advantage of the opportunities as they come along. FY 2019/20 was also a special year for Awash Bank, as it marks the Silver Jubilee Anniversary of the Bank. Over the past 25 years, Awash Bank has played its key role in driving the economic growth of the country and providing commendable banking services to its customers.

### 1. OPERATIONAL PERFORMANCES

Awash Bank continued to exhibit strong operational performances in FY 2019/20 and that has not only positioned it as the leading private bank in Ethiopia, but also paved the way for attaining its strategic aspirations of becoming **"One of the Top Ten Private Banks in East Africa by 2025"**. The performance of the Bank reveals that Awash Bank is undoubtedly the largest private bank in Ethiopia for the last five years in a row in terms of total deposits, total loans and advances, total assets and profits.

#### 1.1 Mobilization of Deposits

In an effort to enhance the deposit mobilization endeavor of the Bank and drive the financial inclusion strategy of the country, Awash Bank has successfully attracted new customers to the Bank through expansion of both conventional and Interest Free Banking Services. Impelled by expansion of customer base and offerings of customer centric products using different service delivery channels, the aggregate deposit of the Bank, including interest free banking and margin held on letters of credit, rose to Birr 74.3 billion by the end of FY 2019/20, up by Birr 11.8 billion (19 percent) compared with the same period of last year.

Awash Bank has made superb progress in delivery of efficient and reliable Shariah Compliant Interest Free Banking Services. Consequently, interest free banking deposits reached Birr 3.95 billion as at June 30, 2020, registering a growth of Birr 1.75 billion (79.5 percent) from last year's similar period balance of Birr 2.2 billion.



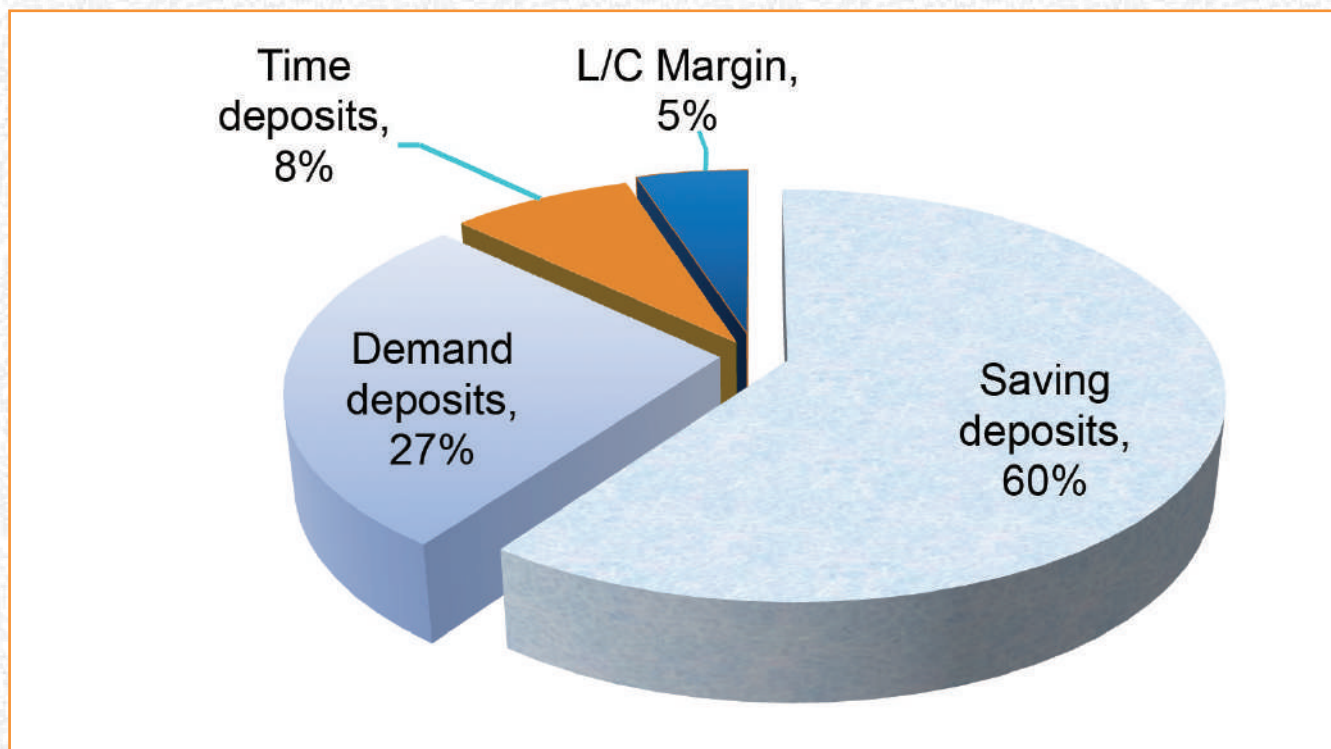
The funding mix of the Bank reveals that saving deposits accounted for the major portion of total deposits (60 percent), followed by demand deposits

(27 percent), time deposits (8 percent) and L/C margin (5 percent).

Table 1: Aggregate Deposits by Type (In Millions of Birr)

Descriptions	Financial Year		Growth	
	2018/19	2019/20	Absolute (B-A)	Percentage (B/A)
	A	B		
Saving deposits	36,773	44,855	8,082	22%
Demand deposits	18,929	20,067	1,138	6%
Time deposits	3,914	5,656	1,742	45%
L/C Margin	2,848	3,688	840	29%
<b>Total deposits</b>	<b>62,464</b>	<b>74,266</b>	<b>11,802</b>	<b>19%</b>

Figure 1: Deposit Structure as at June 30, 2020





## 1.2 Loans and Advances

In line with the Bank's brand promise of "Nurturing Like the River", Awash Bank provides loans and advances that help to improve the lives of individuals, boost business activities and enhance the overall economic development of Ethiopia as a whole. The case in point is the agreement signed between Awash Bank and The United States Agency for International Development (USAID) on December 13, 2019 for partial guarantee of qualifying loans. The objective of the agreement is to enhance the lending capacity of Awash Bank to Agricultural Small and Medium Enterprises and local Microfinance Institutions (MFIs). MFIs, in turn, are also expected to provide on-lending facilities to individuals, micro and small businesses, including Productive Safety Net Program clients.

The total outstanding loans and advances extended to different sectors of the economy, including interest free financing, remarkably rose to Birr 57.3 billion by the end of June 2020, up by Birr 10.0 billion (21%) from Birr 47.3 billion a year ago.

All sectors of the economy were the beneficiaries of the services. Accordingly, loans and advances availed to domestic trade and services accounted for the lion's share (24 percent), followed by building and construction (22 percent), export (19 percent), manufacturing (12 percent), import (10 percent), personal loans (7 percent), transport (4 percent) and others (3 percent).

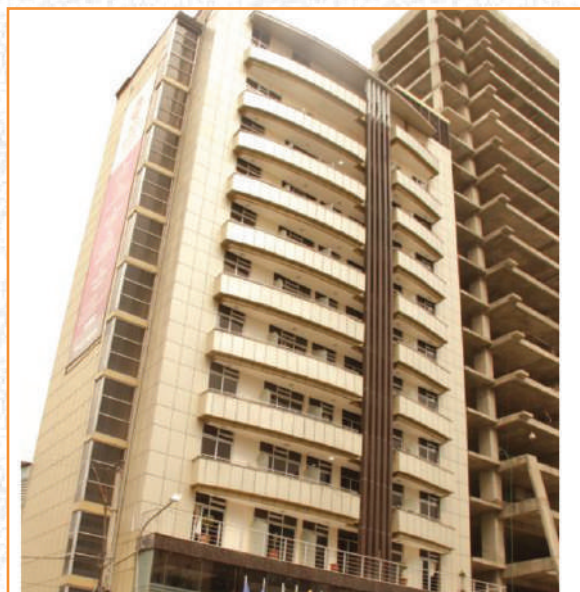
Financing to Shariah compliant projects through Interest Free Banking scheme stood at Birr one billion as at June 30, 2020, up by Birr 765.9 million (294 percent) compared with the same period of last year.

**Table 2: Loans and Advances by Economic Sectors (In Millions of Birr)**

Loan by Economic Sector	Financial Year		Growth		Share (%)
	2018/19	2019/20	Absolute (B-A)	Percentage (B/A)	
	A	B			
Domestic Trade & Services	12,706	13,606	900	7	24
Export	9,432	10,736	1,326	14	19
Building Construction	9,514	12,814	3,317	35	22
Manufacturing	5,092	6,630	1,538	30	12
Import	5,055	5,616	562	11	10
Personal loans	1,950	4,054	2,104	108	7
Transport	2,112	2,206	93	4	4
Others	1,488	1,612	124	8	3
Total Loans and Advances	47,262	57,274	10,012	21	100



## Some of the Investments (Businesses) Financed by Awash Bank



DINA Food Processing







### 1.3 International Banking Services

The outbreak of COVID-19 pandemic and the downward trend of global economy has adversely affected the inflow of foreign currency to Ethiopia, particularly from services (hotels, tour operators etc.) and inward remittances. Nevertheless, Awash Bank continued to maintain strong relationships with exporters, international money transfer agents, correspondent banks and international card payment operators to enhance the inflow of foreign currency to the country.

To enhance the scarce foreign exchange earning capacity of the country through exports, Awash Bank has availed loans and advances to exporters, whose outstanding loans stood at Birr 10.7 billion as at June 30, 2020. Similarly, to boost foreign exchange earnings from inward remittances, the Bank continued to roll-over the lottery based incentive mechanism. Accordingly, the Bank has awarded the prizes for the 7th and 8<sup>th</sup> round lottery winners in 2019/20.



# WINNERS



Partial View of  
7th & 8th Rounds  
Lottery Award  
Ceremony



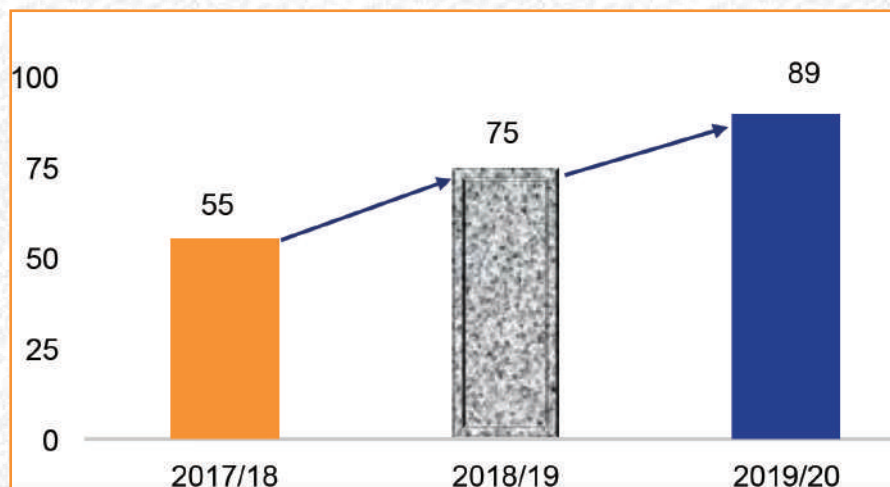


## 1.4 Total Assets

Total assets of the Bank grew by Birr 14.7 billion (19.7 percent) and reached Birr 89.3 billion by the end of June 30, 2020 compared with the same period of last year, largely reflecting the substantial growth of loans and advances supported by the repayment of NBE bills. Early repayment of NBE bills by the National Bank of Ethiopia to respective banks has been used by the Government as a monetary policy stimulus to alleviate the liquidity problem of banks amidst the outbreak of COVID-19 pandemic in Ethiopia.

The balance sheet structure of the Bank reveals that net loans and advances account for 63 percent of total assets. On the other hand, deposits from customers constitute the lion's share (91 percent) of total liabilities, depicting the fact that deposits are the major source of funding in the intermediation role of Awash Bank.

Figure 2: Trends in Total Assets (In Billions of Birr)



## 1.5 Capital

Following the decision of Shareholders of Awash Bank to raise the paid-up capital of the Bank to Birr 6 billion by the end of June 2020 and thereafter double it to Birr 12 billion in three years' time, the paid-up capital of the Bank has increased by Birr 1.5 billion and stood at Birr 5.8 billion as at June 30, 2020 from Birr 4.4 billion a year ago. The total equity of the Bank also grew to Birr 11.97 billion at the end of June 30, 2020 from Birr 9.6 billion last year same period.

Awash Bank always maintains a health buffers on its capital over the regulatory minimum capital requirements. In this regard, the Birr 5.8 billion paid-up capital of the Bank was by far above the minimum regulatory requirement of Birr 500 million and the overall capital adequacy ratio of the Bank is well above the 8 percent statutory requirement.

## 2. FINANCIAL PERFORMANCE

The overall financial performance of Awash Bank during financial year 2019/20 was gratifying despite the outbreak of COVID-19 pandemic, the

slowdown in Ethiopian economic growth, persistent high inflation and stiff competition among banks operating in Ethiopia.

### 2.1 Income

Total income of the Bank amounted to Birr 10.2 billion from Birr 8 billion in 2018/19, depicting a growth of Birr 2.2 billion (27 percent), driven by strong improvements in interest income and fees and commission income. Interest income rose by 32 percent and stood at Birr 7.9 billion, reflecting a surge in loans and advances. Similarly, income from fees and commission grew by 19 percent and reached Birr 1.6 billion, largely associated with fees derived from trade services operations and expansion of digital financial services.

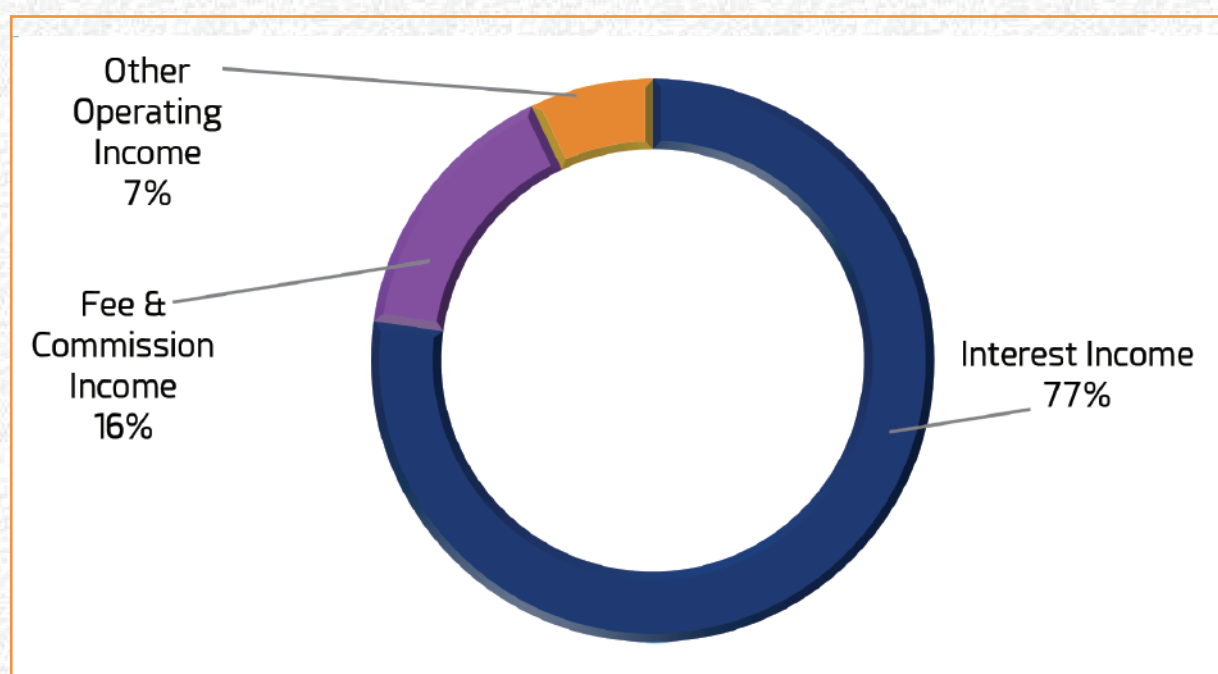
As for the revenue structure, interest income continued to account for the largest share of the total income (77%), followed by fees and commission income (16 percent) and other operating income (7 percent).



Table 3: Components of Income (In Millions of Birr)

Descriptions	Financial Year		Percentage Change
	2018/19	2019/20	
	A	B	B/A
Interest Income	5,977	7,873	32
Fee & Commission Income	1,346	1,603	19
Other Operating Income	732	733	1
<b>Total Income</b>	<b>8,056</b>	<b>10,209</b>	<b>27</b>

Figure 3: Income Composition as at June 30, 2020



## 2.2. Expenses

The total expenses of the Bank amounted to Birr 6.6 billion by the end of June 2020, up by Birr 1.9 billion (40 percent) from last year, mainly due to a surge in interest bearing deposits, personnel expenses and impairment charge on loans and other assets.

Interest expense increased by 26 percent and reached Birr 2.7 billion during the review period. Similarly, personnel expenses increased by 36 percent and stood at Birr 2.2 billion, owing to the need to attract and retain qualified and experienced

personnel through implementing competitive salary and benefit schemes.

Impairment charges on loans and other assets rose to Birr 588 million from Birr 93 million a year ago, reflecting an increase in the total loan portfolio of the Bank and the cautionary measure taken by the Bank to maintain the asset quality of the Bank. Similarly, depreciation and amortization expenses, which consist of depreciation expenses of property & equipment, land lease for construction of own



buildings & lease of spaces for branch office and amortization of computer software, stood at Birr 477 million as at June 30, 2020.

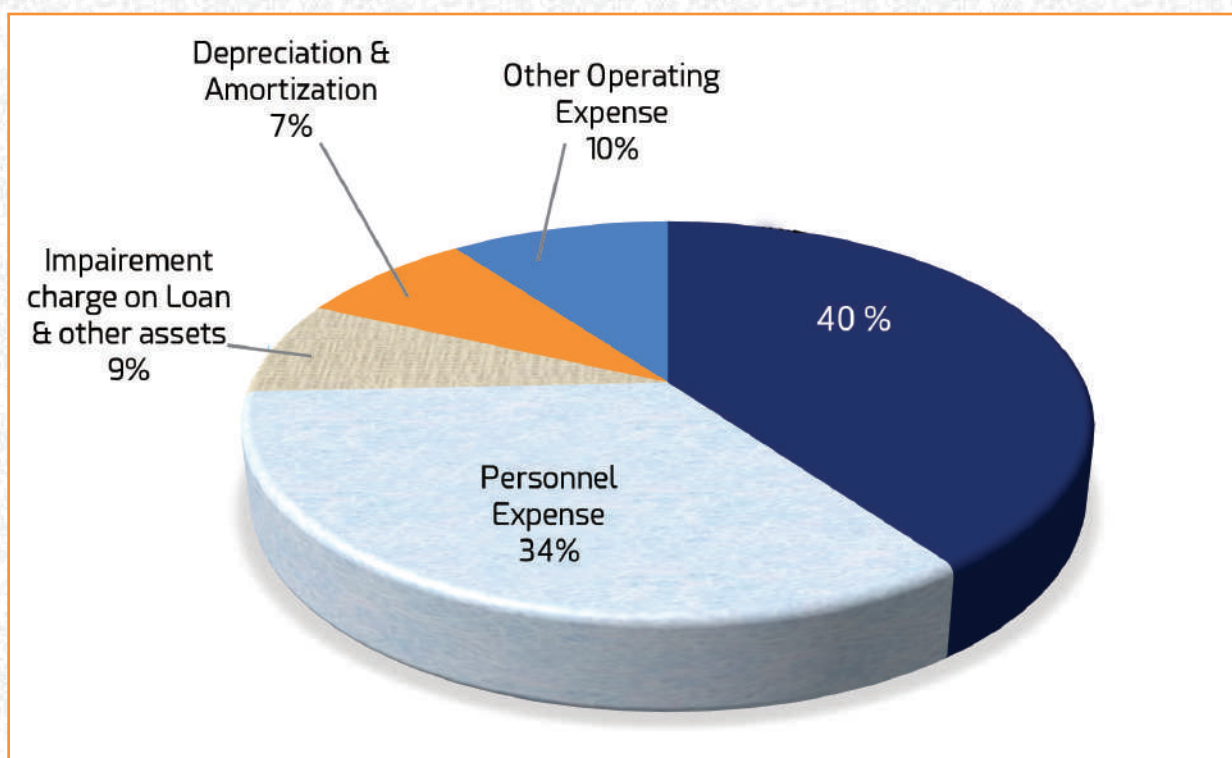
The expense structure of the Bank continued to be dominated by interest expense, which accounted for 40 percent of total expenses, followed by personnel

expenses (34 percent), and other operating expense (10 percent). Depreciation & amortization expenses and impairment charge on loans and other assets, on the other hand, constitute the remaining 16 percent.

**Table 4: Composition of Expense (In Millions of Birr)**

Descriptions	Financial Year		Percentage Change B/A
	2018/19	2019/20	
	A	B	
Interest Expense	2,108	2,656	26
Personnel Expense	1,633	2,218	36
Impairment charge on loans & Other assets	93	588	530
Depreciation & Amortization	207	477	130
Other Operating Expense	671	671	-
<b>Total Expense</b>	<b>4,712</b>	<b>6,610</b>	<b>40</b>

**Figure 4: Components of Expense as at June 30, 2020**





## 2.3 Profit

Notwithstanding the global and domestic challenges, Awash Bank continued to maintain its leading position as the most profitable private bank in Ethiopia, by recording a profit before tax of Birr 3.6 billion in 2019/20. It is worth mentioning here that in an attempt to withstand the adverse impacts of COVID-19 pandemic on selected economic sectors

of the county, Awash Bank has reduced the lending interest rate and waived fees and charges for a given period.

Meanwhile, earnings per share slightly declined to Birr 510 in 2019/20 from Birr 632 in 2018/19 for a par value of Birr 1000, mainly due to a substantial increase (an increase of Birr 1.5 billion) in the paid-up capital of the Bank and impairment changes on loans and other assets.

Table 5: Trends in Profit (In Millions of Birr)

Descriptions	Financial Year		Percentage Change
	2018/19	2019/20	
	A	B	B/A
Profit Before Tax	3,344	3,599	8
Profit After Tax	2,433	2,591	7

## 2.4. Proposal on Dividend Payout

Out of the total appropriable net profit of Birr 2,591,154,900.30 (two billion five hundred ninety one million one hundred fifty four thousand nine hundred and thirty cents) after considering deductions in legal reserve and other allowances, the Board of Directors of Awash Bank recommended that Birr 98,531,953.12 (ninety eight million five hundred thirty one thousand nine hundred fifty three and twelve cents) be retained and a dividend of Birr 1,872,107,109.20 (one billion eight hundred seventy two million one hundred seven thousand one hundred nine and twenty cents) be paid to shareholders in cash or for purchasing the Bank's shares, depending upon the choice of each shareholder.

## 3. VISION 2025 STRATEGY IMPLEMENTATION STATUS AND OTHER DEVELOPMENTS

### 3.1 Vision 2025 Strategy Initiatives Implementation Status

In view of attaining its grand vision of becoming "One of the Top Ten Banks in East Africa by the

end of 2025", Awash Bank has executed various initiatives during the last four years. During FY 2019/20 as well, Awash Bank has performed the following main activities:-

- Developed and implemented Contact Center (CC) and Customer Relationship Management (CRM) solutions;
- Expanded the customer base of the Bank in terms of deposit account holders (both conventional and IFB), borrowers, ATM card users, M-wallet and Internet banking subscribers;
- Expanded its service delivery channels;
- Developed and rolled out new products and services tailored to different segments of customers;
- Crafted/amended various policies and procedures that will support the execution of the strategy;
- Acquired land for the future new Headquarters of AB;
- Ensured business continuity of the Bank amidst COVID-19 pandemic.



## Partial Pictorial Presentation of the 25<sup>th</sup> Anniversary Celebration of Awash Bank



Opening Celebration of the Anniversary at Head Office, October 25, 2019





Closing Celebration of the 25<sup>th</sup> Anniversary at Sheraton Addis, November 23, 2019



25<sup>th</sup> Anniversary Celebration at some Branch Offices



### 3.2. Human Resource Development

Awash Bank duly recognizes the strategic importance of its workforce in achieving its business objectives. In this regard, the Bank not only gives much emphasis on the recruitment of qualified employees, but also focuses on the development of the capacity of employees through providing requisite training and retaining of qualified personnel through providing conducive working environment. Indeed, Awash Bank is committed to recruit, retain and develop talents as employees are essential to the Bank's current and future success.

1,084 new employees were recruited during financial year 2019/20 raising the Bank's total workforce to 10,130, making the Bank one of the leading employers among private banks. With regard to training, the Bank has offered training opportunities to 7,724 employees during the review period and made financial assistance to 640 employees pursuing higher education at different universities and colleges. In general, the Bank spent over Birr 46.6 million for the capacity development of its employees during FY 2019/20.

### 3.3 Service Delivery Channels

Awash Bank has continued to provide quality services to its customers across all channels, with the objective of enabling its esteemed customers to get banking services anytime, anywhere.

Physical networks, namely, branches, ATM terminals and POS terminals are the main service delivery channels the Bank is using to provide quality services for its honored customers. During financial year 2019/20, the Bank has opened a total of 56 new branches across the country, raising its total branch networks to 466 as at June, 2020. With 466 branches, 468 ATMs and 581 POS terminals strategically spread across the country, Awash Bank has served a large number of customers in accessing basic banking services.

Awash Bank has also been offering 24 hour convenient access to banking services through its internet and mobile banking platforms. The Bank's Call Center also provides 24 hours personalized services to customers.



New Board of Directors Induction Program



Training to Management Members



## List of Newly Opened Conventional Branches during Financial Year 2019/20

1	Aba Buna	22	Kamashi
2	Abado Meskelegna	23	KaraGirar Sefer
3	Amist Kilo	24	Kidame Gebeya
4	Amuru	25	Kilinto
5	Anfo	26	Kofele
6	Asendabo	27	Kuch
7	Ayer Tena	28	Merkato Arategna
8	Baku Shanan		Mazoriya
9	Bulbula 93 Mazoria	29	Sagure
10	Chomen Guduru	30	Sawla
11	Durame	31	Semen Mazegaja
12	Elala	32	Shebe
13	Filtu	33	Shone
14	Garo	34	Siltana
15	Gera	35	Tana
16	Ginde Woin	36	Tegbare-Ed
17	Hayat 49 Mazoria	37	Tilili
18	Hora Fincha	38	Tulu Boke
19	Huruta	39	Tulu Dimtu
20	Jara	40	Uke Kersa
21	Jimma Rare	41	Zenbaba

## List of Newly Opened Full Fledged Interest Free Banking (IKHLAS) Branches during the Financial Year 2019/20

1	Ababil	9	Ihsan
2	Afdal	10	Khidma
3	Amal	11	Muamalat
4	Amanah	12	Naafii
5	Ber Waquo	13	Nahar
6	Berekah	14	Noor
7	Hira	15	Yussra
8	Huda		

## 3.4 Information Technology

During the period under review, Awash Bank was mainly engaged in enhancement of its system. Enhancement of the existing Core Banking System is expected to bring a benefit to the existing services offer in the Bank including Bulk Payments, Mobile App, Payment Portal and Dashboards to business customers, QR payment features with loyalty products.

Another major enhancement includes School Fee Payments, Billers payments through Derash (e.g. tax and other bills/utility payments), enhancements on M-Wallet and Agency Banking business and CRM implementation rollout across branches, fund transfer interoperability across banks and POS interoperability.

The Bank has as well developed its own Open API for an ease in third party integration, boosting strategic business partnership, encouraging online payments through e-commerce, and facilitating e-delivery. This will help the Bank in generating value driven online transactions and help its customers in the move towards digital transformation.

During FY 2019/20, the Bank has witnessed a strong move towards automating government bills and large business payments. Among these, traffic penalty payments and DSTv payments automation are to mention a few. Similar approach has also been pursued with transport operators and taxi hailing companies while automating the payment testing is going on in parallel.



### 3.5 Construction of Own Buildings

Following the completion of B+G+6 building in Jimma Town, the Bank has colorfully inaugurated '**Jimma Building**' in the presence of Government officials, Board of Directors, invited guests, management and employees.

Awash Bank also continued to construct new buildings as a mechanism of expanding its asset

base and reducing the rental cost of branch offices. Accordingly, the construction of 2B+G+13 Bulbula building and B+G+4 Bale Robe building are well underway. During financial year 2019/20, the Bank has secured land from Addis Ababa City Administration for the construction of its future new, complex and high rising Headquarters Building.



Awash Bank Jimma Building Inauguration Program



Agreement for Bale Robe Building Construction



## 4. Corporate Social Responsibility

Awash Bank's success over the long term is tied inextricably to the progress of the communities in which the Bank operates. Cognizant of the strategic importance of growing with the communities, the Bank has strengthened its Corporate Social Responsibility (CSR) initiatives through pledging financial donations to various organizations. Accordingly, during the closing celebration of the Silver Jubilee of Awash Bank and Awash Insurance Company on November 23, 2019, the sister companies have jointly donated Birr 20 million to different organizations. The beneficiaries of the donation, among others, are Ethiopian Red Cross Society, Amref Health Africa, Oromia Development Association, The Children Heart Fund of Ethiopia, and Christian Children Fund of Canada.

In the aftermath of COVID-19 outbreak, Awash Bank has assisted the most affected sectors of the economy by reducing the lending interest rate for a given period of time. Moreover, Awash Bank has assumed social responsibility and fully supported the fight against the outbreak of COVID-19 through donating Birr 10 million to the National Committee established to combat COVID-19; and donating over Birr one million to different organizations that support economically disadvantaged groups of society through availing food and sanitary items.



Oromia Development Association



Christian Children Fund of Canada



Ethiopian Red Cross Society



Ye Noah Merkab Ye AIDS Mekelakel Mahiber





The Children Heart Fund of Ethiopia



Seedling Plantation at Sebeta-Debel Yohannes Mountain in relation to the 25th Anniversary of AB and AIC





BEDR Foundation



Donation in kind for kality Elderly Rehabilitation & Development Center



## 5. Interest Free Banking (IFB) Sharia Advisory Committee's Report For Financial Year 2019/20

### Sharia Advisory Committee



Ustaz Sultan Aman Eba  
Chairman



Mohammedhakim Ahmed (Dr.)  
D/Chairman



Ustaz Hassen Abdunaser Ali  
Mamber

**"In the name of Allah, the most Compassionate, the most Merciful"**  
**To the Bank's Board of Directors and all stakeholders, including depositors:**

In compliance with the duties & responsibilities vested in us, in the Bank's Shariah Advisory Committee Charter and the letter of appointment thereafter, we are required to ensure that Awash Bank's IFB operations are in compliance with **the Islamic Shariah principles as well as those required by NBE Directive No. SBB/72/2019, Article 2, Sub-article 2.2 in this regard.**

It has been our regular duties and responsibilities to conduct periodic review of products and services to make sure that IFB operational activities and transactions within the Bank and its IFB policies and procedures issued henceforth are in compliance with Shariah principles and requirements. To this end, we are required to issue and submit this report, which complies with the international best practices, to be published on the Bank's annual financial report.

Accordingly, Awash Bank is offering the following IFB services in fund mobilization, fund utilization and service-based products at its more than 466 branches, among which 15 (fifteen) are full-fledged IFB Branches, designated as **"IKHLAS", which is brand name for the Bank's IFB product.**

All of the products are reviewed and certified as being Shariah-compliant.

- Wadiah saving, Student-Plus (Wadiah for education), Al-Kair and Labbaik - Wadiah savings accounts,
- Wadiah current account (Amanah)
- Unrestricted Mudarabah Investment accounts
- Murabaha Financing schemes (Cost + Mark-up),
- Interest-Free Export Financing scheme (Qard) = Free Loans;
- Loan for Overseas Employment Agencies (Qard) = Free Loans;



- IFB Trade Services, (**Murabaha, Musharakah and Wakalah L/C**)
- IFB Bank Guarantees (**Kafalah**).
- Hawalah (**Hiwalah**), etc. services parallel with the conventional banking one.

We have reviewed the products listed above with their respective expected Shariah principles, the relevant contracts, transactions and IFB core banking introduced by Awash Bank during the year ended 30 June 2020. In addition, we have assessed the IFB policies and procedures adopted by the Bank, examined sample transactions, the relevant documentations, all information and explanations which we considered necessary and sufficiently provide us evidence to give reasonable assurance that Awash Bank operations have not violated the Shariah principles.

In our opinion, generally, we, the Shariah Advisory Committee of Awash Bank, do hereby confirm that:

1. The IFB products mentioned above, operational procedures, contracts, transactions and dealings entered into by the Bank during the year

ended 30 June 2020 that we have reviewed are in compliance with the Shariah principles and the Shariah rulings related to IFB operations.

2. Mudarabah deposits and financing (Profit-Loss Sharing) is not yet started and, thus, there is no allocation of profit and charging of losses relating to investment accounts;
3. The profits generated by the Bank, from Murabaha and other services like Kafalah, are Shariah-compliant and there are no earnings that have been realized from sources prohibited by the Shariah principles and thus, no fund is expected to be disposed to charitable causes from the Bank itself. However, Birr **983,429.39** collected from defaulted customers in the form of penalty must be given to Charity.
4. Awash Bank during the year ended 30 June 2020 is not required to pay zakat because its shareholders include non-Muslims also.

**Thank You (Jazakumullah Kair)!**

#### On behalf of the Shariah Advisory Committee

Chairman of the Shariah Advisory Committee  
Ustaz Sultan Aman Eba



D/Chairman of Shariah Advisory Committee  
Dr. Mohammedhakim Ahmed



**Addis Ababa, Ethiopia, 20 July 2020.**



## Partial View of IFB Branches Opening Ceremony



IFB Muamalat Brannch, Bethel



IFB BerWaquo Branch, Jigjiga





IFB Hira Branch, Jimma



IFB Huda Branch, Melka Rafu



# AUDITOR'S REPORT





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

## Contents

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## The Federal Democratic Republic of Ethiopia Audit Services Corporation

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AWASH INTERNATIONAL BANK SHARE COMPANY

#### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Awash International Bank Share Company (the Bank), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 30 June 2020 and its financial performance and its 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 Bank 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 those 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.

#### *Impairment assessment of loans and advances to customers*

As required by IFRS 9, the Bank applies the expected credit loss (ECL) model to measure loss allowances for financial assets. Since this model involves many judgments and assumptions and in view of the significance of the amount of loans and advances to customers in the statement of financial position (as at 30 June 2020, gross loans and advances to customers amounted to Birr 57.2 billion, representing 63% of the total assets of the Bank, and impairment allowance for loans and advances to customers amounted to Birr 0.99 billion), impairment of loans and advances is considered a key audit matter.

ASC



Relevant disclosures are included in Note 2.6 (c) and Note 16 to the financial statements.

Our audit procedures to address this key audit matter included evaluating and testing the effectiveness of the design and implementation of key controls related to the credit approval process, post approval credit management, collateral monitoring and loan impairment assessment.

We adopted a risk-based sampling approach to review loan procedures, including the loan approval process, verification of loan agreements and legal documents to check the terms and conditions of the loans and advances, the adequacy and valuation of collaterals, the follow-up in respect to loan repayments and the proper categorization of loans and advances.

With respect to the loan impairment assessment, we obtained an understanding of the model used by management to calculate the expected credit loss, verified the model against the requirements of IFRS 9, tested the accuracy and completeness of the underlying data used in the model and the arithmetical accuracy of the computation of the expected credit loss and evaluated the adequacy and appropriateness of the disclosures included in the notes to the financial statements. Overall, we found no concerns in respect to the completion of formalities or the recording of loans and advances at appropriate values as well as the impairment assessment of loans and advances.

#### ***Information Other than the Financial Statements and Auditor's Report Thereon***

Management is responsible for the other information. The other information comprises the annual report, but does not include the financial statements, our auditor's report thereon and the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information 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 of this other information; we are required to report that fact. We have nothing to report in this regard.

#### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), 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.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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





### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 Bank'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 Bank'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 Bank 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 reasonably be thought to bear on our independence, and where applicable, related safeguards.

CISC





*Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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.

**Report on Other Legal and Regulatory Requirements**

***Report on Other Legal Requirements***

As required by the Commercial Code of Ethiopia of 1960, we must report to you in accordance with

Article 375 (1) that we have no comments to make on the report of the Board of Directors; and  
Article 375 (2) that we recommend approval of the financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Woizero Banchiayehu Tamirat.

*audit services corporation*

Addis Ababa  
13 November 2020

Audit Services Corporation  
Auditors of  
Awash International Bank Share Company







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

#### Directors, Professional Advisers and Registered Office

##### Company trade license number

LBB/001/91

##### Directors (as of June 30, 2020)

Amb. Dibaba Abdetta Dirbaba (Dr.)

Gure Kumssa Deressa

Abaynesh Bekele Wakjira

Abynesh Merga Jena

Alemu Tita Biidu

Beza Tadesse Gurmu

Getachew Olana Jabana

Girma Guluma Woyessa (Eng.)

Gudissa Legesse Diro

kedeme Teshome Woldeyes

Roba Arega Kitata

Yoseph Yonas Kumssa

##### Executive Management (as of June 30, 2020)

Tsehay Shiferaw Ensermu

Abebe Deressa Dinssa

Henock Tessema Tadesse

Tadesse Gemeda Denta

Tilahun Geleta Neguma

Yohannes Merga Gudina

Dessalegn Tolera Jaleta

Teklu Wodajo Tomma

Abdella Adem Sekeko

Berhanu Balcha Wordofa

Beyene Dekeba Obole

Ebissa Deribe Cheru

Ephrem Bogale Shiferaw

Gacho Wara Abiyu

Hailu Meskela Gudeta

Hailu Woldegebrhel Teklemariam

Kefyalew Shiferaw Demissie

Lemessa Bulti Abdeta

Lemessa Soboka Megerssa

Lemi Furgassa Bedada

Netsanet Woldekidan K/Mariam

Nurfeta Legesse Kejella

Soressa Alemu Mosissa

Tegene Tesfaye Gebretsadik

Takele Arega Mammo

Temesgen Busha Gemechu

Temesgen Workineh Sodu

Wondimagednehu Berhanu Gemechu

Yonas Kumera Lemu

Yordanos Mekonnen Biru

Zebene Kaba Deresa

##### Independent auditors

The Federal Democratic Republic of Ethiopia

Audit Services Corporation

Addis Ababa

Ethiopia

##### Corporate office

Awash Tower

Ras Abebe Aregav Street

P.O. Box 12638

Addis Ababa, Ethiopia

Chairman

Vice Chairman

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Chief Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Director

Director

Director

Director

Director

Director

Director

Executive Assistant to the CEO

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Board Secretary

Director

Director

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

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(Appointed July 1, 2016)

(Appointed February 11, 2019)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed March 15, 2018)

(Appointed July 1, 2016)

(Appointed August 21, 2017)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed February 1, 2019)

(Appointed January 1, 2020)

(Appointed July 1, 2016)

(Appointed November 25, 2019)

(Appointed July 1, 2016)

(Appointed December 18, 2018)

(Appointed September 5, 2018)

(Appointed February 21, 2019)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed July 1, 2017)





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Report of the Management

This management report discloses summary of the financial performance and state of affairs of the Bank.

#### Incorporation and address

Awash International Bank Share Company was founded in 1994 as the first Private Commercial Bank after the downfall of the Dergue regime.

Awash Bank was established by 486 founding shareholders with a paid-up capital of ETB 24.2 million and started banking operations on February 13, 1995. As of 30 June 2020, the number of shareholders and its paid-up capital increased to over 4,523 and ETB 5.848 billion respectively.


#### Principal activities

The Bank provides diverse range of financial products and services to a Wholesale, Retail and Small and Medium Enterprises (SME) clients base in Ethiopian Market. Awash Bank focuses on delivering distinctive profitable solutions for its clients in all core areas of commercial banking.

#### Results and dividends

The Bank's results for the period ended 30 June 2020 are set out on the Statement of profit or loss and other comprehensive income. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2020 ETB'000	30 June 2019 ETB'000
Interest income	7,872,829	5,977,046
Profit / (loss) before tax	3,599,646	3,344,451
Tax (charge) / credit	(1,008,492)	(911,622)
Profit / (loss) for the year	2,591,155	2,432,828
Other comprehensive income / (loss) net of taxes	14,276	23,486
Total comprehensive income / (loss) for the year	2,605,431	2,456,315

  
Tsehay Shiferaw Ensermu  
Chief Executive Officer  
Addis Ababa, Ethiopia





## Awash International Bank S.C.

### Financial Statements

### For the year ended 30 June 2020

### Statement of Directors' Responsibilities

In accordance with the Banking Business Proclamation No. 592/2008, the National Bank of Ethiopia (NBE) may direct the Bank to prepare financial statements, whether their designation changes or they are replaced, from time to time. Also, the Financial Reporting Proclamation No. 847/2014 requires the Bank to prepare its financial statements in accordance with the International Financial Reporting Standards (IFRS).

The Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

The Bank's Board of Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in accordance with International Financial Reporting Standards.

The Bank's Board of Directors are of the opinion that the financial statements present fairly, in all material respects, the financial position of the Bank and its financial performance.


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

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

Signed on behalf of the Board of Directors by:

  
Amb. Dibaba Abdetta Dirbaba (Dr.)  
Board Chairman  
13 November 2020



  
Tsehay Shiferaw Ensermu  
Chief Executive Officer  
13 November 2020



# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

#### Statement of Profit or Loss and Other Comprehensive Income

	Notes	30 June 2020 ETB'000	30 June 2019 ETB'000
Interest income	5	7,872,829	5,977,046
Interest expense	6	(2,655,677)	(2,107,724)
<b>Net interest income</b>		<b>5,217,152</b>	<b>3,869,322</b>
Fees and commission income	7	1,602,922	1,346,452
Other operating income	8	732,661	731,955
<b>Total operating income</b>		<b>7,552,735</b>	<b>5,947,729</b>
Loss Allowances on Financial Assets	9, 10 & 11	(587,575)	(93,303)
<b>Net operating income</b>		<b>6,965,160</b>	<b>5,854,426</b>
Share of profit from associate	18	672	683
<b>Total income</b>		<b>6,965,832</b>	<b>5,855,109</b>
Personnel expenses	12	(2,218,046)	(1,632,596)
Amortisation of intangible assets	21	(30,228)	(29,439)
Depreciation and impairment of property and equipment	22	(201,442)	(177,882)
Interest expense on lease liability	20	(22,011)	-
Amortisation of Right of Use Asset	20	(223,526)	-
Other operating expenses	13	(670,933)	(670,741)
<b>Profit before tax</b>		<b>3,599,646</b>	<b>3,344,451</b>
Taxation	14	(1,008,492)	(911,622)
<b>Profit after tax</b>		<b>2,591,155</b>	<b>2,432,828</b>
<b>Other comprehensive income (OCI) net of income tax</b>			
<i>Items that will not be subsequently reclassified into profit or loss:</i>			
Remeasurement gain/(loss) on retirement benefits obligations	25	5,370	(3,658)
Deferred tax (liability)/asset on remeasurement gain or loss	14	(1,611)	1,097
Remeasurement gain/(loss) on retirement benefits obligations (Net)		3,759	(2,561)
Fair value through other comprehensive income financial assets : - Unrealized gain arising from measurement at fair value-Equity Instruments		10,517	26,047
		14,276	23,486
<b>Total comprehensive income for the period</b>		<b>2,605,431</b>	<b>2,456,315</b>
<b>Basic &amp; diluted earnings per share (ETB)</b>	28	<b>510</b>	<b>632</b>

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





**Awash International Bank S.C.**  
**Financial Statements**  
**As At 30 June 2020**  
**Statement of Financial Position**

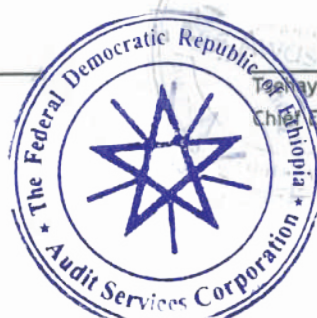
		30 June 2020	30 June 2019
	Notes	ETB'000	ETB'000
<b>ASSETS</b>			
Cash and bank balances	15	14,436,995	11,370,601
Loans and advances to customers (Net)	16	56,280,354	46,855,080
Investment securities:			
- Financial assets at fair value through OCI	17	146,541	131,942
- Financial assets at amortized cost	17	12,888,173	11,721,612
Investment in associates	18	44,179	43,506
Other assets	19	1,551,710	1,925,186
Right of Use Leased Assets	20	941,594	-
Intangible assets- Software	21	23,023	40,081
Property and equipment	22	2,975,421	2,547,365
<b>Total assets</b>		<b>89,287,990</b>	<b>74,635,373</b>
<b>LIABILITIES</b>			
Deposits from customers	23	70,577,904	59,616,052
Other liabilities	24	5,351,391	4,370,209
Current tax liabilities	14	1,033,212	891,567
Lease liabilities	20	255,145	-
Retirement benefit obligations	25	21,371	21,794
Deferred tax liability	14	73,405	96,823
<b>Total liabilities</b>		<b>77,312,428</b>	<b>64,996,445</b>
<b>EQUITY</b>			
Share capital	26	5,848,271	4,384,696
Share premium	27	1,389	1,389
Retained earnings	29	2,952,095	2,633,811
Legal reserve	30	2,894,038	2,246,249
Risk regulatory reserve	31	209,872	317,162
Other reserve	32	69,897	55,621
<b>Total equity</b>		<b>11,975,563</b>	<b>9,638,928</b>
<b>Total equity and liabilities</b>		<b>89,287,990</b>	<b>74,635,373</b>

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

The financial statements were approved and authorized for issue by the Board of Directors on 13 November 2020 and were signed on its behalf by:

Amb. Dibaba Abdetta Dirbaba (Dr.)  
Board Chairman

Tesfaye Shiferaw Ensermu  
Chief Executive Officer





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Statement of Changes in Equity**

		Share capital	Share premium	Retained earnings	Legal reserve	Risk regulatory reserve	Other Reserve (Fair value reserve)	Other Reserve (Defined Benefit reserve)	Total
Note:		ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Restated Balance as at 1 July 2019		2,943,546	1,389	1,624,736	1,638,042	236,097	36,806	(4,672)	6,475,945
Opening Balance adjustment		-	-	194,669	-	-	-	-	194,669
Profit for the period		-	-	2,432,829	-	-	-	-	2,432,829
Other comprehensive income:									
Change in fair value of Fair value through other comprehensive income investments (2017-AFS) (net of tax)		-	-	-	-	-	26,047	-	26,047
Re-measurement gains on defined benefit plans (net of tax)		-	-	-	-	-	-	(2,560)	(2,560)
<b>Total comprehensive income for the period</b>		-	-	<b>4,252,234</b>	<b>1,638,042</b>	<b>236,097</b>	<b>62,853</b>	<b>(7,232)</b>	<b>9,126,930</b>
<b>Transactions with owners in their capacity as owners</b>									
Contributions of equity net of transaction costs (Proceeds from issue of shares)		657,063	-	-	-	-	-	-	657,063
Dividends Capitalized		784,087	-	(784,087)	-	-	-	-	-
Dividends paid		-	-	(143,474)	-	-	-	-	(143,474)
Directors' allowance	30	-	-	(1,590)	-	-	-	-	(1,590)
Transfer to legal reserve		-	-	(608,207)	608,207	-	-	-	-
Transfer to Risk regulatory reserve	31	-	-	(81,065)	-	81,065	-	-	-
		<b>1,441,150</b>	-	<b>(1,618,423)</b>	<b>608,207</b>	<b>81,065</b>	-	-	<b>511,999</b>
<b>As at 30 June 2019</b>		<b>4,384,696</b>	<b>1,389</b>	<b>2,633,810</b>	<b>2,246,249</b>	<b>317,162</b>	<b>62,853</b>	<b>(7,232)</b>	<b>9,638,928</b>
<b>As at 1 July 2019</b>		<b>4,384,696</b>	<b>1,389</b>	<b>2,633,810</b>	<b>2,246,249</b>	<b>317,162</b>	<b>62,853</b>	<b>(7,232)</b>	<b>9,638,928</b>
Opening Balance adjustment		-	-	(10)	-	-	-	-	(10)
Profit for the period	29	-	-	2,591,155	-	-	-	-	2,591,155
Other comprehensive income:									
Change in fair value of Fair value through other comprehensive income investments (2017-AFS) (net of tax)		-	-	-	-	-	10,517	-	10,517
Re-measurement gains on defined benefit plans (net of tax)	25	-	-	-	-	-	-	3,759	3,759
<b>Total comprehensive income for the period</b>		-	-	<b>5,224,955</b>	<b>2,246,249</b>	<b>317,162</b>	<b>73,370</b>	<b>(3,473)</b>	<b>12,244,349</b>
<b>Transactions with owners in their capacity as owners</b>									
Contributions of equity net of transaction costs (Proceeds from issue of shares)		373,095	-	-	-	-	-	-	373,095
Dividends Capitalized		1,090,480	-	(1,090,480)	-	-	-	-	-
Dividends paid		-	-	(579,098)	-	-	-	-	(579,098)
Dividends in Payable		-	-	(37,423)	-	-	-	-	(37,423)
Tax on Retained Earnings		-	-	(23,305)	-	-	-	-	(23,305)
Tax on interest income on foreign		-	-	(419)	-	-	-	-	(419)
Directors' allowance	24	-	-	(1,637)	-	-	-	-	(1,637)
Transfer to legal reserve	30	-	-	(647,789)	647,789	-	-	-	-
Transfer from Risk regulatory reserve	31	-	-	107,290	-	(107,290)	-	-	-
		<b>1,463,575</b>	-	<b>(2,272,861)</b>	<b>647,789</b>	<b>(107,290)</b>	-	-	<b>(268,787)</b>
<b>As at 30 June 2020</b>		<b>5,848,271</b>	<b>1,389</b>	<b>2,952,099</b>	<b>2,894,038</b>	<b>209,872</b>	<b>73,370</b>	<b>(3,473)</b>	<b>11,975,562</b>

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







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

#### Statement of Cash Flows

		30 June 2020	30 June 2019
	Notes	ETB'000	ETB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	33	5,274,011	2,074,714
Directors' allowance paid		(1,637)	(1,200)
Income tax paid	14	(891,567)	(429,923)
Tax paid on Retained Earnings		(23,305)	-
Tax paid on interest income on foreign deposit		(419)	-
Retirement benefit paid	25	(338)	(560)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>4,356,746</b>	<b>1,643,031</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities in NBE bills and bonds	17	(1,166,200)	(3,242,206)
Purchase of equity investment securities	17	(4,082)	(19,184)
Purchase of Intangible Assets	21	(13,170)	(841)
Purchase of property, plant and equipment	22	(634,079)	(301,846)
Prepayments on Right of Use Assets		(254,570)	-
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>(2,072,101)</b>	<b>(3,564,077)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		373,095	657,063
Lease Payments	20	(41,908)	-
Dividends paid		(579,098)	(143,474)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(247,911)</b>	<b>513,589</b>
<b>Net increase/(decrease) in Cash and bank balances</b>		<b>2,036,734</b>	<b>(1,407,457)</b>
Cash and cash equivalents at the beginning of the year	15	8,471,552	9,432,312
Foreign exchange (losses)/ gains on cash and cash equivalents	8	429,321	446,697
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>10,937,607</b>	<b>8,471,552</b>

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





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements

#### 1 General information

Awash International Bank S.C. ("Awash Bank or the Bank") is a private commercial bank domiciled in Ethiopia. The Bank was established in November 1994, in accordance with the provisions of the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 592/2008. The Bank's registered office is at:

Awash Tower  
Ras Abebe Aregay Street  
Addis Ababa,  
Ethiopia

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

#### 2 Summary of significant accounting policies

##### 2.1 Introduction to summary of significant accounting policies

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

##### 2.2 Basis of preparation

The financial statements for the year ended 30 June 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

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

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept, except for the following;

- defined benefit pension plans - plan assets measured at fair value.
- Equity investments which is measured at fair value.

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







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (continued)

##### 2.2 Basis of preparation (Continued)

##### 2.2.1 Going concern

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

##### 2.2.2 Changes in accounting policies and disclosures

###### New Standards, amendments, interpretations

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

###### IFRS 16 - Leases

###### A. Definition of a lease

Previously, the bank determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Bank now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Bank elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The bank applied IFRS 16 only to contracts that were previously identified as leases.

Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to new and existing contracts entered into or changed on or after 1 July 2019.

###### B. As a lessee

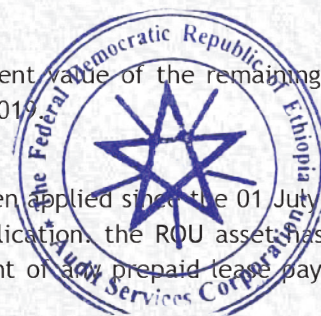
As a lessee, the bank leases asset including property. The bank previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under IFRS 16, the bank recognises right-of-use of assets and lease liabilities for most of these leases - i.e. On-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

###### C. Leases classified as operating leases under IAS 17

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at their carrying value as if IFRS 16 had been applied since the 01 July 2020, discounted using the incremental borrowing rate at the date of initial application. the ROU asset has been measured at an amount equal to the lease liability adjusted by the amount of any prepaid lease payments recognised before the initial application.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.2.2 Changes in accounting policies and disclosures (Continued)

##### New Standards, amendments, interpretations effective and adopted during the year (Continued)

##### C. Leases classified as operating leases under IAS 17 (Continued)

The bank used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Bank:

- relied on its assessment of whether leases are onerous under IAS 37 immediately before date of initial application as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. ATM Spaces);

and

- used hindsight when determining the lease term.

##### *D. As a lessor*

The Bank leases out its leasehold property and right-of-use assets. The Bank has classified these leases as operating leases. The Bank is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for sub-lease. The Bank does not sub-lease its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in property, plant and equipment, and measured at fair value at that date. The Bank assessed the classification of the sub-lease contracts with reference to the right of -

- use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16.
- The Bank has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

##### IFRIC 23 Clarification on accounting for Income tax exposures

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.2.2 Changes in accounting policies and disclosures (Continued)

###### New Standards, amendments, interpretations effective and adopted during the year (Continued)

###### IFRIC 23 Clarification on accounting for Income tax exposures (Continued)

If an entity concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it should determine its accounting for income taxes consistently with that of tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made. Uncertainty is reflected in the overall measurement of tax and separate provision is not allowed. The entity is required to measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty (that is, the entity should use either the most likely amount method or the expected value method when measuring an uncertainty).

The entity will also need to provide disclosures, under existing disclosure requirements, about

- (a) judgments made;
- (b) assumptions and other estimates used; and
- (c) potential impact of uncertainties not reflected.

The new Standard is effective for annual periods beginning on or after 1 January 2019.

The Bank is assessing the potential impact on its financial statements resulting from the application of IFRIC 23.

###### – IAS 19 Plan Amendment, Curtailment or Settlement (Amendments to IAS19)

The amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, a Company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).
- Consistent with the calculation of a gain or loss on a plan amendment, entities will now use updated actuarial assumptions to determine the current service cost and net interest for the period. Previously, entities would not have updated the calculation of these costs until the yearend.
- Further, if a defined benefit plan is settled, any asset ceiling would be disregarded when determining the plan assets as part of the calculation of gain or loss on settlement.
- The amendments apply for plan amendments, curtailments or settlements that occur on or after 1 January 2019, or the date on which the amendments are first applied. Earlier application is permitted.
- The Bank is assessing the impact on the financial statements

The new Standard is effective for annual periods beginning on or after 1 July 2019.

The following amended standards are not expected to have a significant impact on the Bank's consolidated financial statements.

- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures 1 (Amendments to IAS 28)
- Annual Improvements to IFRS Standards 2015-2017 Cycle - various standards





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.2.2 Changes in accounting policies and disclosures (Continued)

##### New Standards, amendments, interpretations issued but not adopted.

##### IAS 1 and IAS 8 Definition of Material

The amendment refines the definition of Material to make it easier to understand and aligning the definition across IFRS Standards and the Conceptual Framework.

The amendment includes the concept of ‘obscuring’ to the definition, alongside the existing references to ‘omitting’ and ‘misstating’. Additionally, the amendment also adds the increased threshold of ‘could influence’ to ‘could reasonably be expected to influence’ as below.

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

However, the amendment has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. The Bank is assessing the potential impact on its financial statements resulting from the application of the refined definition of materiality.

##### Other Standards

The following amended standards are not expected to have a significant impact on the financial statements of the Bank.

- Amendments to references to the Conceptual Framework in IFRS Standards
- Sale or combination of assets between an investment and associate or joint venture (Amendments to IFRS 10 and IAS 28)
- IFRS 3 Definition of a Business
- Amendments to References to the Conceptual Framework in IFRS Standards

#### 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.







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.3 Investment in associates (Continued)

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

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

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 statement of profit or loss.

##### 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 within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as FVOCI, are included in other comprehensive income.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.5 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Bank earns income from interest on loans and advances given to customers, service charges and commissions from customers, interest income from Deposits with local and correspondent banks, investment in NBE (National Bank of Ethiopia) bills. Other income includes incomes like foreign currency transactions, dividend, rental, and other miscellaneous incomes.

#### 2.5.1 Net interest income

##### *a. Effective interest rate and amortised cost*

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

- the gross carrying amount of the financial asset;
- 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, if the amount is material. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

##### *b. Amortised cost and gross carrying amount*

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

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





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

#### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.5 Net interest income (Continued)

##### 2.5.1 Net interest income (Continued)

###### *c. Calculation of interest income and expense*

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

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

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

###### *d. Presentation*

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

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

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

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

##### 2.5.2 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income such as rental income, telephone and SWIFT are recognised as the related services are performed.

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

Other fees and commission expenses relate mainly to transaction and service fees and are recognised as the services are received.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.5 (Continued)

#### 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 mid rate of exchange at the reporting date. This amount is recognised in the statement of profit or loss and it is further broken down into realised and unrealised portion.

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

### 2.6 Financial assets and financial liabilities

#### a. Recognition and initial measurement

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

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

#### b. Classification and subsequent measurement

##### i) *Financial assets*

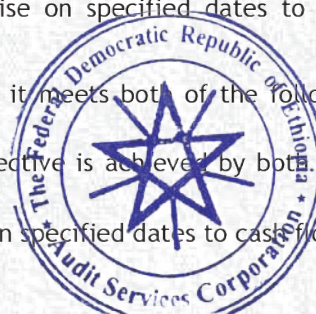
On initial recognition, a financial asset shall be classified either as measured at either amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

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

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

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

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





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.6 Financial assets and financial liabilities (Continued)

###### b. Classification and subsequent measurement (Continued)

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 or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise .

###### - *Business model assessment*

The Bank shall make an assessment of the objective of a business model in which an asset is held at a portfolio 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.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.6 Financial assets and financial liabilities (Continued)

#### b. Classification and subsequent measurement (Continued)

- *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 or FVTPL.

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

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





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.6 Financial assets and financial liabilities (Continued)

###### c. Impairment

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

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

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

No impairment loss shall be recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

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





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.6 Financial assets and financial liabilities (Continued)

#### c. Impairment (Continued)

##### i) *Measurement of ECL*

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

- for financial assets that are not credit-impaired at the reporting date (stage 1 and 2): as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- for financial assets that are credit-impaired at the reporting date (stage 3): as the difference between the gross carrying amount and the present value of estimated future cash flows;
- for undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- for financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

##### ii) *Restructured financial assets*

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

##### iii) *Credit-impaired financial assets*

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

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

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





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.6 Financial assets and financial liabilities (Continued)

###### c. Impairment (Continued)

###### iii) *Credit-impaired financial assets (Continued)*

- 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-impaired 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.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.6 Financial assets and financial liabilities (Continued)

#### c. Impairment (Continued)

##### vi) *Non-integral financial guarantee contracts*

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

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

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

#### d. Derecognition

##### i) *Financial assets*

The Bank shall derecognise a financial asset when:

- The contractual right to the cash flows from the financial asset expires (see also (1.4)), 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.







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.6 Financial assets and financial liabilities (Continued)

###### e. Modifications of financial assets and financial liabilities

###### i) Financial assets

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

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

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

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

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

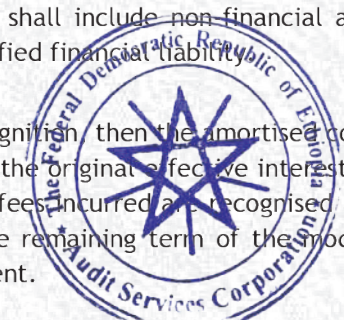
Where the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank shall first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting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





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.6 Financial assets and financial liabilities (Continued)

#### 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 Interest Fee Banking (IFB)

#### 2.7.1 Murabaha

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

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

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

These products are carried at amortised cost less impairment.







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.7 Interest Fee Banking (IFB) (Continued)

##### 2.7.2 Interest Free export Financing Facility

Interest Free export financing facility is a short term financing given to the borrower for three months free of any charge or profit and not subject to discounting being a short term facility. Interest free export facility financing is stated in the statement of financial position of the bank at fair value of the consideration given (amount of disbursement) and subsequently, they shall be stated at disbursement amount less loss allowances (if any).

##### 2.8 Cash and cash equivalents

Cash comprises cash on hand, deposits held on call with other banks, and other short term highly liquid investments. Cash equivalents are deemed of immediate realization since they are easily convertible into cash within three months following the date of the financial statements.

##### 2.9 Property and Equipment

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

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

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

Asset class	Depreciation rate (years)
Freehold land	-
Buildings	50
Motor vehicles	10
Furniture and fittings:	
-Medium-lived	10
-Long lived	20
Computer and Accessories	7
Office equipment:	
-Short-lived	5
-Medium-lived	10

The Bank construct buildings in different cities mainly for image building, branches office and issue accounts use. The remaining is rented out. If the building is rented up to 90% of the floor of the building, the building shall be treated as PPE. If the building is rented out for more than 90% of the floor of the building, we ought to transfer it to Investment property (IP).





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.9 Property and Equipment (Continued)

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 value of the asset) is included in statement of profit or loss.

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

### 2.10 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 statement of profit or loss 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 are presented as a separate line item in the statement of profit or loss, if significant.

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 of six years.







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.11 Impairment of non-financial assets

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

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

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

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

##### 2.12 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) Prepayments

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 an event or transaction as they arise and are cancelled when payment is received.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.13 Fair value measurement

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

- Disclosures for valuation methods, significant estimates and assumptions Notes 3 and Note 4.7.1
- Quantitative disclosures of fair value measurement hierarchy Note 4.7.2
- Financial instruments (including those carried at amortised cost) Note 4.7.2

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

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

The 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.

The Bank's management determines the policies and procedures for both recurring fair value measurement, such as available-for-sale financial assets.







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.14 Employee benefits

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

##### (a) *Wages, salaries and annual leave*

Wages, salaries, other allowances, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Bank. The Bank operates an accumulating leave policy; this can be encashed when the employee is leaving employment. The Bank measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of each reporting period.

##### (b) *Defined contribution plan*

The Bank operates two defined contribution plans;

- i) pension scheme in line with the provisions of Ethiopian Pension of Private Organisation Employees Proclamation No. 715/2011. Funding under the scheme is 7% and 11% by employees and the Bank respectively; 2% provident fund contribution is made by the bank for employees covered under pension scheme.
- ii) provident fund contribution, funding under this scheme is 7% and 13% by employees and the Bank respectively based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period to which they relate.

##### (c) *Defined benefit plan*

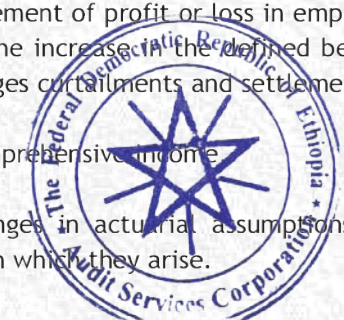
The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The 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 statement of profit or loss 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 profit or loss and other comprehensive 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.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.14 Employee benefits (Continued)

#### (d) Termination benefits

Termination benefits are payable to executive directors when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

#### (e) Profit-sharing and bonus plans

The Bank recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Bank recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### 2.15 Provisions

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

### 2.16 Share capital

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

### 2.17 Legal reserve

The legal reserve which is a statutory reserve to which no less than 25% of the net profits after taxation shall be transferred each year until such fund is equal to the capital. When the legal reserve equals the capital of the Bank, the amount to be transferred to the legal reserve account shall be 10% of the annual net profit.

### 2.18 Earnings per share

The Bank presents basic earnings per share 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.







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.19 Leases

###### Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Bank determined whether the arrangement was or contained a lease based on the assessment of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

###### *Bank as a lessee*

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

###### *Bank as a lessor*

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

###### Policy applicable from 1 July 2019

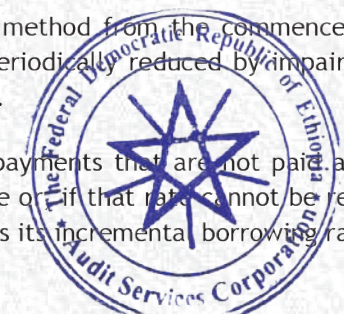
###### (i) *Bank as a lessee*

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 2 Summary of significant accounting policies (Continued)

##### 2.19 Leases (Continued)

The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially
- measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

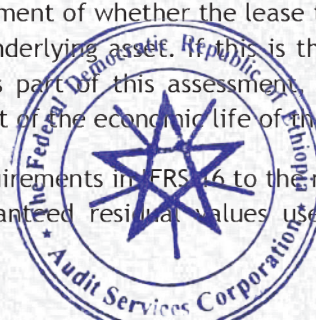
##### **(ii) Bank as a lessor**

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank applies the derecognition and impairment requirements in FRS 16 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

## 2 Summary of significant accounting policies (Continued)

### 2.20 Income tax

#### (a) Current income tax

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

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

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

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

## 3 Significant accounting judgements, estimates and assumptions

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

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

- Capital management Note 4.6
- Financial risk management and policies Note 4





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 3 Significant accounting judgements, estimates and assumptions (Continued)

##### 3.1 Judgments

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

##### (a) *Lease commitments - Bank as lessee*

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

##### (b) *Going concern basis*

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern, except that it has to make significant effort to reach the minimum capital requirement. However, the financial statements continue to be prepared on going concern basis.

##### 3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying values 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.

##### (a) *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 loans and receivables that are individually significant, and individually or collectively for loans and receivables 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 loans and receivables that have been deemed to be impaired, management deems that the cash flow from collateral would arise within one year where the loans and receivables is back by collateral.







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 3 Significant accounting judgements, estimates and assumptions (Continued)

##### 3.2 Estimates and assumptions (Continued)

###### *Impairment losses on loans and receivables (Continued)*

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 judgment 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. See note 3.2 for more information.

##### **(b) 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 judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. As at year end, no financial instrument was measured at fair value. See Note 4.7.1 for further disclosures.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 3 Significant accounting judgements, estimates and assumptions (Continued)

##### 3.2 Estimates and assumptions (Continued)

###### (c) *Defined benefit plans*

The cost of the defined benefit pension plan, long service awards, gratuity scheme and post-employment medical benefits 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.

###### (d) *Depreciation and carrying value of property, plant and equipment*

The estimation of the useful lives and residual values 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.

###### (e) *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.

###### (f) *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.







**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

#### **4 Financial risk management**

##### **4.1 Introduction**

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

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 Risk Sub-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 Senior Management chaired by the chief Executive Officer (CEO) has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. It is also responsible for managing risk decisions and monitoring risk levels and reports on a monthly basis to the Board Risk Sub-Committee.

The Risk Management Unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The unit works closely with the Senior Management to ensure that procedures are compliant with the overall framework.

The Risk Management Unit is responsible for monitoring compliance with risk principles, policies and limits across the Bank. It carries out an assessment of risk on an ad hoc basis to monitor the Bank's independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This unit also ensures the complete capture of the risks in risk measurement and reporting systems. Exceptions are reported, where necessary, to the Senior Management, and further to the Board Risk Sub-Committee and the relevant actions are taken to address exceptions and any areas of weakness.

The Bank Finance and Treasury function is responsible for managing the Bank's financial assets, financial liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank.

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit Function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. The Internal Audit Function discusses the results of all assessments with management, and reports its findings and recommendations to the Board Audit Sub-Committee.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

##### 4.1 Introduction (Continued)

##### 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.

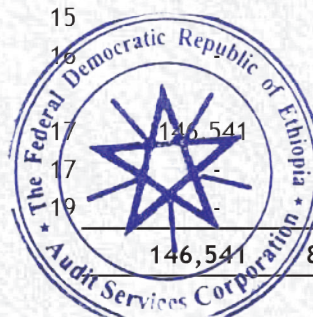
The adequacy of these mitigates is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently audited as part of the review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

#### 4.2 Financial instruments by category

The Bank's financial assets are classified into the following measurement categories: Financial assets at fair value through OCI and Financial assets at amortized cost and the financial liabilities are classified into other liabilities at amortised cost.

Financial instruments are classified in the statement of financial position in accordance with their legal form and The Bank's classification of its financial assets is summarised in the table below:

	Notes	Financial assets at fair value through OCI ETB'000	Financial assets at amortized cost ETB'000	Total ETB'000
<b>30 June 2020</b>				
Cash and bank balances	15		14,436,995	14,436,995
Loans and advances to customers (Net)	16		56,280,354	56,280,354
Investment securities:				
- Financial assets at fair value through OCI	17	146,541	-	146,541
- Financial assets at amortized cost	17	-	12,888,173	12,888,173
Other assets	19		996,139	996,139
<b>Total financial assets</b>		<b>146,541</b>	<b>84,601,661</b>	<b>84,748,202</b>







**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.2 Financial instruments by category (Continued)**

	Notes	Financial assets at fair value through OCI	Financial assets at amortized cost	Total
		ETB'000	ETB'000	ETB'000
<b>30 June 2019</b>				
Cash and bank balances	15	-	11,370,601	11,370,601
Loans and advances to customers (Net)	16	-	46,855,080	46,855,080
Investment securities:				
- Financial assets at fair value through OCI	17	131,942	-	131,942
- Financial assets at amortized cost	17	-	11,721,612	11,721,612
Other assets	19	-	915,736	915,736
<b>Total financial assets</b>		<b>131,942</b>	<b>70,863,029</b>	<b>70,994,971</b>

**4.3 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%, 5% 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.

In measuring credit risk of Financial assets at amortized cost to various counterparties, the Bank considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counterparty/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other solutions. Our credit exposure comprises wholesale and retail Financial assets at amortized cost which are developed to reflect the needs of our customers. The Bank's policy is to lend principally on the basis of our customer's repayment capacity through quantitative and qualitative evaluation. However we ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

##### 4.3 Credit risk (Continued)

##### 4.3.1 Credit related commitment risks

The Bank holds collateral against loans and advances to customers in the form of bank guarantees and property. Estimates of fair value are based on the value of collateral assessed at the time of lending.

##### 4.3.2 Credit risk exposure

##### (a) Maximum exposure to credit risk before collateral held or other credit enhancement

The Bank's maximum exposure to credit risk at 30 June 2020 and 30 June 2019 is represented by the net carrying amounts in the statement of financial position.

	30 June 2020 ETB'000	30 June 2019 ETB'000
Cash and bank balances	14,436,995	11,370,601
Loans and advances to customers (Net)	56,280,354	46,855,080
Investment		
- Financial assets at fair value through OCI	146,541	131,942
- Financial assets at amortized cost	12,888,173	11,721,612
Other assets	996,139	915,736
	<b>84,748,202</b>	<b>70,994,971</b>
Credit risk exposures relating to off balance sheet items are as follows:		
Loan commitments	4,387,680	2,244,004
Guarantees	1,085,624	1,342,696
Letters of credit	4,211,020	4,282,921
	<b>9,684,324</b>	<b>7,869,621</b>
<b>Total maximum exposure</b>	<b>94,432,526</b>	<b>78,864,592</b>

##### (b) Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained by the Bank by taking possession of collaterals held as security against loans and advances to customers at the year end are shown below.

	30 June 2020 ETB'000	30 June 2019 ETB'000
Acquired Properties	39,562	31,982
	<b>39,562</b>	<b>31,982</b>

The Bank's policy is to pursue timely realisation of the collateral in a timely manner. The Bank does not generally use the non-cash collateral for its own operations.







**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.2 Credit risk exposure (Continued)**

**(c) Loans and advances to customers at amortised cost**

**(i) Gross loans and advances to customers per sectors are analysed as follows:**

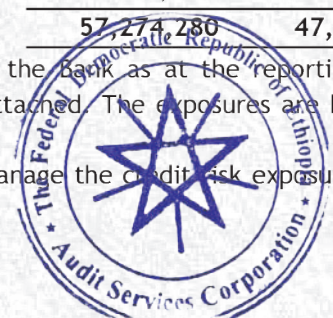
	30 June 2020	30 June 2019
	ETB'000	ETB'000
Domestic trade and services	13,169,972	12,640,452
Export	10,497,819	9,356,944
Building and construction	12,645,575	9,485,443
Import	5,600,272	5,045,462
Manufacturing	6,559,693	5,087,440
Transport	2,182,118	2,116,646
Personal loans	4,054,158	1,950,602
Merchandise	81,790	81,723
Agriculture	123,120	116,358
Staff loans and advances	1,333,255	1,120,418
Murahabah Financing-Domestic Trade	436,155	65,474
Murahabah Financing-Export	235,167	-
Murahabah Financing-Agriculture	5,409	6,220
Murahabah Financing-Building and construction	168,000	28,676
Murahabah Financing-Import	16,219	10,846
Murahabah Financing-Manufacturing	70,235	4,261
Murahabah Financing-Transport	23,719	656
Export (Qard) Financing_IFB	3,512	74,658
Overseas Emp. Agencies Qard_IFB	68,091	69,793
	<b>57,274,279</b>	<b>47,262,072</b>

**(ii) Gross loans and advances from customers per National Bank of Ethiopia's impairment guidelines are analysed as follows:**

	30 June 2020	30 June 2019
	ETB'000	ETB'000
Pass	54,755,634	45,418,757
Special mention	1,518,854	1,214,910
Substandard	160,946	209,119
Doubtful	194,788	312,291
Loss	644,058	106,995
	<b>57,274,280</b>	<b>47,262,072</b>

The above table represents a worst case scenario of credit risk exposure of the Bank as at the reporting dates without taking account of any collateral held or other credit enhancements attached. The exposures are based on carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue to control and effectively manage the credit risk exposure in the Bank's loan and advances portfolio.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

#### 4.3 Credit risk (Continued)

#### 4.3.3 Credit quality analysis

##### (a) Credit quality of Cash and bank balances

The credit quality of Cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2020 and 30 June 2019 and are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia. However, Cash and bank balances that is held in foreign banks can be assessed by reference to credit rating agency designation as shown in the table below;

	30 June 2020 ETB'000	30 June 2019 ETB'000
A	48,383	13,216
A-	-	-
A+	3,130,034	2,349,381
AA	-	-
AA-	156,390	29,643
BBB+	641,062	746,431
Not rated	10,461,738	8,232,881
	<b>14,437,607</b>	<b>11,371,552</b>

#### Definitions of ratings

**AA: Very high credit quality** This denotes expectations of a very low default risk. It indicates a very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

**A: High credit quality** This denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

**BBB: Good credit quality** This indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

**Not rated** This indicates financial institutions or other counterparties with no available ratings and cash in hand.

A "+" (plus) or "-" (minus) may be appended to a rating to indicate the relative position of a credit within the rating category. This is based on Fitch national long-term issuer default ratings.





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.3 Credit quality analysis (Continued)**

**(b) Credit quality of loans and advances to customers**

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.

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in **Note 2.6**.

<i>In Birr'000</i>	<b>2020</b>			<b>Total</b>
	<b>12 month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	
<b>Loans and advances to customers at amortised cost</b>				
Stage 1 - Pass	53,065,761	-	-	<b>53,065,761</b>
Stage 2 - Special mention	-	2,076,476	-	<b>2,076,476</b>
Stage 3 - Non performing	-	-	1,028,869	<b>1,028,869</b>
<b>Total gross exposure</b>	<b>53,065,761</b>	<b>2,076,476</b>	<b>1,028,869</b>	<b>56,171,106</b>
Loss allowance	(526,990)	(64,417)	(325,022)	<b>(916,429)</b>
<b>Net carrying amount</b>	<b>52,538,770</b>	<b>2,012,059</b>	<b>703,847</b>	<b>55,254,677</b>

<i>In ETB'000</i>	<b>2019</b>			<b>Total</b>
	<b>12 month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	
<b>Loans and advances to customers at amortised cost</b>				
Stage 1 - Pass	41,094,510	-	-	<b>41,094,510</b>
Stage 2 - Special mention	-	975,308	-	<b>975,308</b>
Stage 3 - Non performing	-	-	617,732	<b>617,732</b>
<b>Total gross exposure</b>	<b>41,094,510</b>	<b>975,308</b>	<b>617,732</b>	<b>42,687,549</b>
Loss allowance	(175,598)	(24,377)	(187,540)	<b>(387,515)</b>
<b>Net carrying amount</b>	<b>40,918,912</b>	<b>950,930</b>	<b>430,192</b>	<b>42,300,034</b>





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.3 Credit quality analysis (Continued)**

**(C) Credit quality of Off balance sheet items**

In ETB'000	2020			Total
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
Stage 1 - Pass	5,382,984	-	-	5,382,984
Stage 2 - Special mention	-	20,887	-	20,887
Stage 3 - Non performing	-	-	-	-
<b>Total gross exposure</b>	<b>5,382,984</b>	<b>20,887</b>	<b>-</b>	<b>5,403,871</b>
Loss allowance	(76,066)	(1,526)	-	(77,592)
<b>Net carrying amount</b>	<b>5,306,917</b>	<b>19,362</b>	<b>-</b>	<b>5,326,279</b>

In ETB'000	2019			Total
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
Stage 1 - Pass	7,590,380	-	-	7,590,380
Stage 2 - Special mention	-	239,602	-	239,602
Stage 3 - Non performing	-	-	10,673	10,673
<b>Total gross exposure</b>	<b>7,590,380</b>	<b>239,602</b>	<b>10,673</b>	<b>7,840,656</b>
Loss allowance	(13,467)	(2,173)	(25)	(19,365)
<b>Net carrying amount</b>	<b>7,576,913</b>	<b>237,430</b>	<b>6,948</b>	<b>7,821,291</b>





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.3 Credit quality analysis (Continued)**

**(d) Credit quality of Other financial assets**

<i>In Birr'000</i>		2020		
Other financial assets (debt instruments)		Gross exposure	Loss allowance	Net carrying amount
Cash and balances with banks	12 Month ECL	14,437,607	(612)	14,436,995
Investment securities (debt instruments)	12 Month ECL	12,888,823	(650)	12,888,173
Other receivables and financial	Lifetime ECL	1,005,623	(9,484)	996,139
<b>Total</b>		<b>28,332,053</b>	<b>(10,747)</b>	<b>28,321,306</b>

<i>In Birr'000</i>		2019		
Other financial assets (debt instruments)		Gross exposure	Loss allowance	Net carrying amount
Cash and balances with banks	12 Month ECL	11,371,552	(951)	11,370,601
Investment securities (debt instruments)	12 Month ECL	11,722,623	(1,011)	11,721,612
Other receivables and financial	Lifetime ECL	927,095	(11,359)	915,736
<b>Total</b>		<b>24,021,270</b>	<b>(13,321)</b>	<b>24,007,949</b>

**4.3.4 Collaterals held and their financial effect**

The bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed below. The Bank does not sell or repledge the collateral in the absence of default by the borrower. In addition to the Bank's focus on creditworthiness, the Bank aligns with its credit policy guide to periodically update the validation of collaterals held against all loans to customers.

The estimated value real estate collaterals are based on the last revaluations carried out by the Bank's in-house engineers. The valuation technique adopted for properties is in line with the Bank's valuation manual.





## Awash International Bank S.C.

### Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

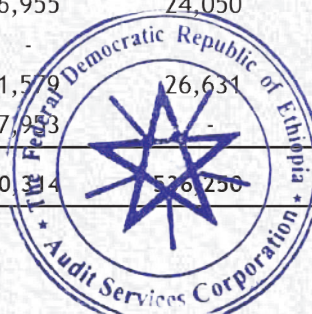
#### 4 Financial risk management (Continued)

##### 4.3 Credit risk (Continued)

##### 4.3.5 Nature of security in respect of loans and advances to customers

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.

	Real estate	Machinery and equipment	Motor vehicles	Shares	Others	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
<b>30 June 2020</b>						
Domestic trade and services	24,382,527	228,440	1,100,272	242,570	544,257	26,498,066
Export	3,990,906	148,140	528,788	112,844	169,507	4,950,185
Building and construction	16,789,989	641,254	637,718	35,407	51,000	18,155,368
Import	10,985,807	43,204	229,389	170,537	120,400	11,549,337
Manufacturing	6,186,348	2,462,933	662,778	79,220	569,072	9,960,351
Transport	827,498	54,731	3,221,615	10,549	-	4,114,393
Personal loans	5,317,402	9,658	422,177	31,384	547	5,781,168
Agriculture	269,534	53,212	3,420	-	40,767	366,933
Staff loans and advances	1,437,023	9	52,282	803	1,843	1,491,960
	<b>70,187,034</b>	<b>3,641,581</b>	<b>6,858,439</b>	<b>683,314</b>	<b>1,497,393</b>	<b>82,867,761</b>
<b>30 June 2019</b>						
Domestic trade and services	23,378,497	215,973.00	1,274,708	207,312	372,637	25,449,127
Export	3,663,688	121,584	501,321	66,138	340,557	4,693,288
Building and construction	16,894,367	703,560	669,097	24,922	51,000	18,342,946
Import	8,948,978	36,908	258,403	35,502	302,768	9,582,559
Manufacturing	5,736,407	3,706,896	688,722	141,523	52,006	10,325,554
Transport	880,584	49,428	3,371,576	10,172	-	4,311,760
Merchandise	2,998,280	9,807	236,955	24,050	2,390	3,271,482
Agriculture	-	-	-	-	-	-
Personal Loans	243,977	46,293	31,579	26,631	17012	365,492
Staff loans and advances	1,385,125	-	37,953	-	-	1,423,078
	<b>64,129,903</b>	<b>4,890,449</b>	<b>7,070,314</b>	<b>526,250</b>	<b>1,138,370</b>	<b>77,765,286</b>





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.5 Nature of security in respect of loans and advances to customers (Continued)**

**i) Loans and advances to customers**

The general creditworthiness of a 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 customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral of real estates (buildings) is updated and reviewed every three year and at the same time whenever the loan foreclosure measure is opted. For credit-impaired loans, the Bank obtains appraisals of collateral because it provides input into determining the management credit risk actions.

AS at 30 June 2020, the net carrying amount of credit impaired loans and advances to customers amounted to ETB 1.029 billion (2019: ETB 505.024 million) and the value of identifiable collateral held against those loans and advances amounted to ETB 1.181 billion (2019: ETB 957.627 million). For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

**ii) Investment securities designated as at FVTPL**

As at 30 June 2020, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL.

**4.3.6 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,





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

##### 4.3 Credit risk (Continued)

##### 4.3.6 Amounts arising from ECL (Continued)

##### iii) Credit risk grades

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

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

##### a. Term loan exposures

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

##### b. Overdraft exposures

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

##### iv) Generating the term structure of PD

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





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.6 Amounts arising from ECL (Continued)**

**v) *Determining whether credit risk has increased***

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

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

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

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

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

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

**vi) *Definition of default***

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

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





## Awash International Bank S.C.

### Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

##### 4.3 Credit risk (Continued)

##### 4.3.6 Amounts arising from ECL (Continued)

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**

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.

##### **vii) Incorporation of forward-looking information (Continued)**

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.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

##### 4.3 Credit risk (Continued)

##### 4.3.6 Amounts arising from ECL (Continued)

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

Sector/Product	Macroeconomic factors				
Agriculture and Personal loans and Staff loans (Cluster 1)	INFLATION: Consumer price index, 2010 = 100, ave	EXCHANGE RATE: ETB/USD, ave	GDP EXPENDITURE: Exports of goods and services, USD per capita	DEBT: Government domestic debt, ETBbn	STRATIFICATION: Household Spending, ETBbn
Domestic Trade & Services and Transport (Cluster 2)	GDP: GDP per capita, USD	GDP EXPENDITURE: Imports of goods and services, USDbn	INFLATION: Consumer price index, 2010 = 100, eop	EXCHANGE RATE: ETB/USD, ave	FISCAL: Total revenue, USDbn
Building & Construction and Manufacturing (Cluster 3)	GDP EXPENDITURE: Exports of goods and services, USD per capita	FISCAL: Current expenditure, USDbn	DEBT: Government domestic debt, ETBbn	-	-
Export and Import (Cluster 4)	GDP EXPENDITURE: Exports of goods and services, ETBbn	GDP EXPENDITURE: Imports of goods and services, ETBbn	EXCHANGE RATE: Real effective exchange rate, index	GDP EXPENDITURE: Private final consumption, USDbn	DEBT: Total government debt, USDbn

##### vii) Incorporation of forward-looking

The economic scenarios used as at 30 June 2020 included the following key indicators for Ethiopia for the years 2020 to 2022

Macro-economic factor	2020	2021	2022
INFLATION: Consumer price index, 2010 = 100	397	470.4	517.4
GDP: GDP per capita, USD	783	889	1004
GDP EXPENDITURE: Exports of goods and services, USD per capita	64.4	72.1	80.3
GDP EXPENDITURE: Exports of goods and services, ETBbn	246.7	291.7	342.9
EXCHANGE RATE: ETB/USD	33.31	34.31	35.34
GDP EXPENDITURE: Imports of goods and services, USDbn	25.4	31.4	35.9
FISCAL: Current expenditure, USDbn	8.1	9.6	10.9
GDP EXPENDITURE: Imports of goods and services, ETBbn	845.7	1077.9	1270.6
INFLATION: Consumer price index, 2010 = 100	397	470.4	517.4
DEBT: Government domestic debt, ETBbn	752	872.3	1003.1
EXCHANGE RATE: Real effective exchange rate, index	126.32	114.12	122.16
GDP EXPENDITURE: Private final consumption, USDbn	68	81.9	95
STRATIFICATION: Household Spending, ETBbn	2095.7	2503.8	2991.5
FISCAL: Total revenue, USDbn	9.6	10.3	11.6
DEBT: Total government debt, USDbn	55.2	57.4	77



## Awash International Bank S.C.

### Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

##### 4.3 Credit risk (Continued)

##### 4.3.6 Amounts arising from ECL (Continued)

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

Scenario probability weightings

As at June 2020			
	Upside	Median/Centr	Downside
Cluster 1	-	50%	50%
Cluster 2	-	50%	50%
Cluster 3	-	50%	50%
Cluster 4	-	50%	50%

As at June 2019			
	Upside	Median/Centr	Downside
Cluster 1	16%	69%	16%
Cluster 2	10%	80%	10%
Cluster 3	13%	74%	13%
Cluster 4	15%	71%	15%

##### 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; with the remaining 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.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

#### 4.3 Credit risk (Continued)

#### 4.3.6 Amounts arising from ECL (Continued)

##### *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.





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.6 Amounts arising from ECL (Continued)**

**ix) Measurement of ECL (Continued)**

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

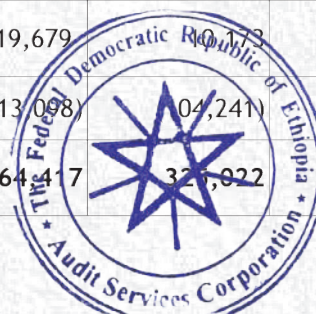
- instrument type;
- credit risk grading;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower

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

**x) Loss allowance**

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

<i>In Birr'000</i>	30-Jun-20			Total
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
<b>Loans and advances to customers at amortised cost (on balance sheet exposures)</b>				
Balance as at 1 July 2019	176,592	24,439	191,265	392,297
Transfer to stage 1 (12 months ECL)	15,229	(9,086)	(6,143)	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(6,292)	9,037	(2,745)	-
Transfer to stage 3 (Lifetime ECL credit impaired)	(1,791)	(903)	2,694	-
Net remeasurement of loss allowance	217,038	34,348	234,019	485,405
Net financial assets originated or purchased	179,400	19,679	10,173	209,252
Financial assets derecognised	(53,185)	(13,098)	(4,241)	(170,524)
<b>Balance as at 30 June 2020</b>	<b>526,990</b>	<b>64,417</b>	<b>325,022</b>	<b>916,429</b>





**Awash International Bank S.C.**  
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**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.6 Amounts arising from ECL (Continued)**

**x) Loss allowance (Continued)**

<i>In Birr'000</i>	30-Jun-19			
	2 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Loans and advances to customers at amortised cost (on balance sheet exposures)				
Balance as at 1 July 2018	130,826	21,529	149,252	301,607
Transfer to stage 1 (12 months ECL)	25,272	(6,564)	(18,708)	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(4,411)	6,676	(2,265)	-
Transfer to stage 3 (Lifetime ECL credit impaired)	(1,302)	(1,497)	2,799	-
Net remeasurement of loss	(31,991)	(2,592)	130,111	95,528
New financial assets originated or purchased	85,956	7,297	7,052	100,305
Financial assets derecognised	(27,757)	(410)	(76,975)	(105,143)
Balance as at 30 June 2019	176,592	24,439	191,265	392,297

<i>In Birr'000</i>	30-Jun-20			
	Stage 1	Stage 2	Stage 3	Total
Loan commitments and financial guarantee contracts (off balance sheet exposures)				
Balance as at 1 July 2019	12,698	2,111	-	14,808
Transfer to stage 1 (12 months ECL)	914	(914)	-	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(319)	319	-	-
Transfer to stage 3 (Lifetime ECL credit impaired)	-	-	-	-
Net remeasurement of loss	52,883	1,199	-	54,083
New financial assets originated or purchased	12,062	-	-	12,062
Financial assets derecognised	(2,171)	(1,189)	-	(3,360)
Balance as at 30 June 2020	76,066	1,526	-	77,592





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.6 Amounts arising from ECL (Continued)**

**x) Loss allowance (Continued)**

<i>In Birr'000</i>	30-Jun-19			
	2 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
<b>Loan commitments and financial guarantee contracts (off balance sheet exposures)</b>				
Balance as at 1 July 2018	18,212	1,234	-	19,446
Transfer to stage 1 (12 months ECL)	1,016	(1,016)	-	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(846)	846	-	-
Transfer to stage 3 (Lifetime ECL credit impaired)	-	-	-	-
Net remeasurement of loss	(2,690)	1,094	-	(1,596)
New financial assets originated or purchased	5,001	170	-	5,171
Financial assets derecognised	(7,995)	(218)	-	(8,213)
<b>Balance as at 30 June 2019</b>	<b>12,698</b>	<b>2,111</b>	<b>-</b>	<b>14,808</b>

<i>In Birr'000</i>	30-Jun-20			Total
	Cash and balances with banks	Investment securities (debt instruments)	Other receivables and financial assets	
<b>Other financial assets (debt instruments)</b>				
Balance as at 01 July 2019	951	1,010	11,359	13,320
Net remeasurement of loss	(339)	(360)	(1,875)	(2,574)
<b>Balance as at 30 June 2020</b>	<b>612</b>	<b>650</b>	<b>9,484</b>	<b>(2,574)</b>







**Awash International Bank S.C.**  
**Financial Statements**  
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**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

**4.3.6 Amounts arising from ECL (Continued)**

**x) Loss allowance (Continued)**

In Birr'000	30-Jun-19			
	Cash and balances with banks	Investment securities (debt instruments)	Other receivables and financial assets	Total
Other financial assets (debt instruments)				
Balance as at 30 June 2018	499	424	5,476	6,399
Net remeasurement of loss	452	586	5,883	6,921
Balance as at 30 June 2019	951	1,010	11,359	13,320

**— Loans with renegotiated terms**

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

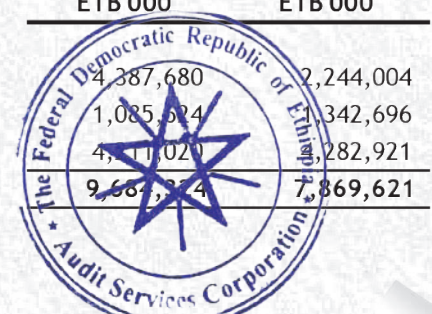
**— Loans that were past due but not impaired**

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

**4.3.7 Commitments and guarantees**

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

	30 June 2020 ETB'000	30 June 2019 ETB'000
Loan commitments	4,387,680	2,244,004
Guarantees	1,085,624	1,342,696
Letters of credit	4,111,020	1,282,921
	<b>9,584,324</b>	<b>4,869,621</b>





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.4 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 the Asset and Liability 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.

**4.4.1 Management of liquidity risk**

Cash flow forecasting is performed by the Finance and Treasury function. The Finance and Treasury function monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs.

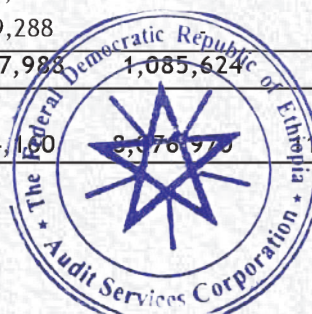
The Bank has incurred indebtedness in the form of borrowings. The Bank evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Bank devises strategies to manage its liquidity risk.

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 of damage to the Bank's reputation.

**4.4.2 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.

	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
<b>30 June 2020</b>					
Deposits from customers	13,323,904	3,939,000	5,761,000	11,497,000	36,057,000
Other liabilities	1,082,406	3,688,150	-	-	-
<b>Total financial liabilities</b>	<b>14,406,310</b>	<b>7,627,150</b>	<b>5,761,000</b>	<b>11,497,000</b>	<b>36,057,000</b>
Loan commitments	-	4,387,680	-	-	-
Guarantees	-	-	1,085,624	-	-
Letters of credit	-	4,211,020	-	-	-
Other commitments	-	679,288	-	-	-
	-	<b>9,277,988</b>	<b>1,085,624</b>	-	-
Assets held for managing liquidity risk	13,161,920	20,104,160	2,376,970	1,607,190	52,633,220







**Awash International Bank S.C.**  
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**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.4 Liquidity risk (Continued)**

**4.4.2 Maturity analysis of financial liabilities (Continued)**

30 June 2019	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 4 year
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Deposits from customers	2,362,052	3,939,000	5,761,000	11,497,000	36,057,000
Other liabilities	1,042,213	2,848,172	-	-	-
<b>Total financial liabilities</b>	<b>3,404,265</b>	<b>6,787,172</b>	<b>5,761,000</b>	<b>11,497,000</b>	<b>36,057,000</b>
Loan commitments	770,032	21,103	178,395	1,211,107	63,367
Guarantees	41,754	240,006	162,492	892,410	6,034
Letters of credit	2,202,453	2,040,631	39,837	-	-
Other commitments	-	-	-	32,259	-
	<b>3,014,239</b>	<b>2,301,740</b>	<b>380,724</b>	<b>2,135,776</b>	<b>69,401</b>
Assets held for managing liquidity risk	<b>11,052,650</b>	<b>8,124,000</b>	<b>5,682,320</b>	<b>10,963,240</b>	<b>43,640,990</b>

**4.5 Market risk**

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

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

**4.5.1 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 and compliance management function 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 and lending 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 treasury bills, Ethiopian government bonds and cash deposits.





**Awash International Bank S.C.**  
**Financial Statements**  
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**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.5 Market risk (Continued)**

**4.5.1 Management of market risk (Continued)**

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

	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
<b>30 June 2020</b>			
<b>Assets</b>			
Cash and bank balances	-	14,437,607	14,437,607
Loans and advances to customers	56,247,772	1,026,507	57,274,279
Investment securities	12,888,823	146,541	13,035,364
Other assets	-	1,005,623	1,005,623
<b>Total</b>	<b>69,136,595</b>	<b>15,610,655</b>	<b>84,747,250</b>
<b>Liabilities</b>			
Deposits from customers	47,365,799	23,212,105	70,577,904
Other liabilities	-	4,770,556	4,770,556
<b>Total</b>	<b>47,365,799</b>	<b>27,982,661</b>	<b>75,348,460</b>
	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
<b>30 June 2019</b>			
<b>Assets</b>			
Cash and bank balances	-	11,371,552	11,371,552
Loans and advances to customers	47,001,488	260,584	47,262,072
Investment securities	11,722,623	131,942	11,854,565
Other assets	-	927,095	927,095
<b>Total</b>	<b>58,724,111</b>	<b>12,691,173</b>	<b>71,415,284</b>
<b>Liabilities</b>			
Deposits from customers	3,914,151	55,701,901	59,616,052
Other liabilities	-	3,890,385	3,890,385
<b>Total</b>	<b>3,914,151</b>	<b>59,592,286</b>	<b>63,506,437</b>





**Awash International Bank S.C.**  
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**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.5 Market risk (Continued)**

**4.5.1 Management of market risk (Continued)**

**(ii) Foreign exchange risk**

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

The Bank is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr (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 borrowings and cash and bank balances.

The total foreign currency denominated assets exposed to risk as at year end 30 June 2020 was ETB 4.158billion (30 June 2019: ETB 3.047 billion).

***Foreign currency denominated balances***

	30 June 2020 ETB'000	30 June 2019 ETB'000
US dollars (USD)	3,619,034	2,870,731
British pounds (GBP)	202,145	53,151
Euros (EUR)	257,999	112,007
Djiboutian franc (DJF)	5	13
Swiss franc (CHF)	58,354	6,712
Swedish Krona (SEK)	1,643	3,491
Japanese yen (JPY)	18,402	1,379
	<b>4,157,582</b>	<b>3,047,484</b>





## Awash International Bank S.C.

### Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

##### 4.5 Market risk (Continued)

##### 4.5.1 Management of market risk (Continued)

##### *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.

	30 June 2020	30 June 2019
	ETB'000	ETB'000
Effect of a 10% Increase of the ETB against USD	361,903	287,073
Effect of a 10% Decrease of the ETB against USD	(361,903)	(287,073)
Effect of a 10% Increase of the ETB against GBP	20,215	5,315
Effect of a 10% Decrease of the ETB against GBP	(20,215)	(5,315)
Effect of a 10% Increase of the ETB against EUR	25,800	11,201
Effect of a 10% Decrease of the ETB against EUR	(25,800)	(11,201)
Effect of a 10% Increase of the ETB against JPY	1,840	138
Effect of a 10% Decrease of the ETB against JPY	(1,840)	(138)
Effect of a 10% Increase of the ETB against CHF	5,835	671
Effect of a 10% Decrease of the ETB against CHF	(5,835)	(671)
Effect of a 10% Increase of the ETB against SEK	164	349
Effect of a 10% Decrease of the ETB against SEK	(164)	(349)
Effect of a 10% Increase of the ETB against DJF	1	1
Effect of a 10% Decrease of the ETB against DJF	(1)	(1)

#### 4.6 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.







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**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**

**4.6 Capital management (Continued)**

**4.6.1 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 a 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 18 August 1995. Capital includes capital contributions, retained earnings, legal reserve and other reserves to be approved by the National Bank of Ethiopia.

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

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>Capital</b>		
Share capital	5,848,271	4,384,696
Share premium	1,389	1,389
Legal reserve	2,894,038	2,246,249
	<b>8,743,698</b>	<b>6,632,334</b>
<b>Risk weighted assets</b>		
Risk weighted balance for on-balance sheet items	52,133,928	34,769,384
Credit equivalent for off-balance	2,546,871	1,871,748
	<b>54,680,799</b>	<b>36,641,132</b>
<b>Risk-weighted Capital Adequacy</b>		
Minimum required capital	16%	18%
<b>Excess</b>	<b>8%</b>	<b>8%</b>
	<b>8%</b>	<b>10%</b>

**4.7 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 three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.





## Awash International Bank S.C.

### Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 4 Financial risk management (Continued)

#### 4.7 Fair value of financial assets and liabilities

##### 4.7.1 Valuation models

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

- 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, another valuation technique in which all significant inputs are directly or indirectly observable from market data.

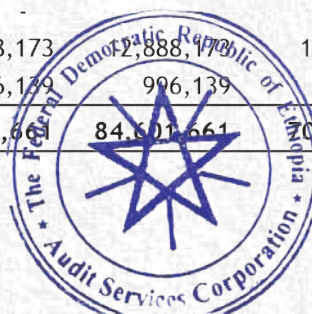
In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- 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 data and the unobservable inputs have a significant effect on the asset's 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.

##### 4.7.2 Financial instruments not measured at fair value

The following table summarises the carrying amounts of financial assets and liabilities at the reporting date. The amounts are based on the values recognised in the statement of financial position.

	30 June 2020		30 June 2019	
	Carrying amount	Amortized Cost	Carrying amount	Amortized Cost
	ETB'000	ETB'000	ETB'000	ETB'000
<b>Financial assets</b>				
Cash and bank balances	14,436,995	14,436,995	11,370,601	11,370,601
Loans and advances to customers	56,280,354	56,280,354	46,855,080	46,855,080
Investment securities				
- Financial assets at fair value through OCI	-	-	-	-
- Financial assets at amortized cost	12,888,173	12,888,173	11,721,612	11,721,612
Other assets	996,139	996,139	915,736	915,736
<b>Total</b>	<b>84,601,661</b>	<b>84,601,661</b>	<b>70,863,029</b>	<b>70,863,029</b>







**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**4 Financial risk management (Continued)**  
**4.7 Fair value of financial assets and liabilities (Continued)**  
**4.7.2 Financial instruments not measured at fair value (Continued)**

	30 June 2020		30 June 2019	
	Carrying amount	Amortized Cost	Carrying amount	Amortized Cost
	ETB'000	ETB'000	ETB'000	ETB'000
<b>Financial liabilities</b>				
Deposits from customers	70,577,904	70,577,904	59,616,052	59,616,052
Other liabilities	4,770,556	4,770,556	3,890,385	3,890,385
<b>Total</b>	<b>75,348,460</b>	<b>75,348,460</b>	<b>63,506,437</b>	<b>63,506,437</b>

**4.7.3 Valuation technique using significant unobservable inputs - Level 3**

The Bank has equity investments measured at fair value on subsequent recognition.

**4.7.4 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.

**4.8 Offsetting financial assets and financial liabilities**

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





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>5 Interest income</b>		
Loans and advances	7,325,060	5,610,892
National Bank of Ethiopia bills and bonds	422,163	301,351
National Bank of Ethiopia Treasury Bills	37,319	461
Due from other banks	88,287	64,342
	<b>7,872,829</b>	<b>5,977,046</b>

Included within various line items under interest income for the year ended 30 June 2020 is a total of ETB 101.394 million (30 June 2019: ETB 83.306 million ) relating to impaired loans and advances.

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>6 Interest expense</b>		
Deposits from customers	2,541,170	2,107,724
Due to National Bank of Ethiopia	9,680	-
Due to other banks	104,827	-
	<b>2,655,677</b>	<b>2,107,724</b>

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>7 Fees and commission income</b>		
Cash payment orders and cheques	4,696	7,390
Foreign currency transactions	53,801	825,453
Letters of credit	447,019	368,378
Letters of guarantee	123,192	65,714
Money and telegraphic transfers	1,931	2,295
Money transfers	10,681	13,417
Other commission	946,984	61,262
Murabaha Income	14,618	2,543
	<b>1,602,922</b>	<b>1,346,452</b>





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>8 Other operating income</b>		
Dividends	11,135	10,651
Gain on foreign currency transactions	429,321	446,697
Bad debts recovered	66	270
Telephone, postage and SWIFT	17,348	15,495
Rental	17,221	31,300
Gain on disposal of repossessed collateral	498	603
Estimation and inspection fees	9,552	12,341
Gain on Disposal of old assets	3,953	1,010
Other income	243,567	213,588
	<b>732,661</b>	<b>731,955</b>

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>9 Loan impairment charge</b>		
Loans and advances - charge for the year (note 16)	589,671	86,033
Loans and advances - reversal of provision (note 16)	-	-
Loans and advances - Bad Debts Write Off	(2,739)	-
	<b>586,932</b>	<b>86,033</b>

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>10 Impairment on other assets</b>		
Other assets-charges (reversal) for the year	(1,396)	6,231
Receivables - Bad Debts Write Off	(478)	(349)
	<b>(1,874)</b>	<b>5,882</b>

The current impairment reversal on other assets is ETB 1.396 million. The amount of ETB 0.478 million is receivables written off during the year.

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>11 Impairment on Cash, Bills and Bonds</b>		
Cash, Bills and Bonds-charge (reversal) for the year	(700)	1,039





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>12 Personnel expenses</b>		
Salaries and wages	1,158,448	891,591
Staff allowances	507,335	299,343
Provident fund and pension costs - Defined contribution plan	140,300	107,784
Provident fund and pension costs - Defined benefit plans	5,285	3,727
Prepaid staff expense	3,738	8,506
Bonus	287,843	222,478
Other staff expenses	115,097	99,167
	<b>2,218,046</b>	<b>1,632,596</b>
	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>13 Other operating expenses</b>		
Rent	16,765	221,252
Stationery	58,498	38,548
Transportation	47,335	35,298
Telephone and related charges	43,225	34,401
Professional and legal fees	21,954	85,709
Audit fee	665	587
Insurance	15,308	12,740
Taxes	74,287	4,623
Fuel	5,199	5,472
Amortisation_Leasehold land	-	489
Repair and maintenance	50,642	37,281
Other expenses	145,902	12,952
Card charges	22,426	25,400
Cleaning	7,571	2,193
Entertainment	15,065	10,490
Utility	11,183	8,922
Bank charges	5,396	3,871
Penalties	10	2,730
Loss on Disposal of old assets	-	1,149
Board Membership fees	609	519
Board Members fees	2,622	1,755
Impairment on Off Balance sheet items	(108)	112
Shariah Advisory committee fees	208	318
Advertising and publicity	93,640	63,510
Donation	32,531	60,420
	<b>670,933</b>	<b>670,741</b>







**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>14 Income tax</b>		
<b>14a Current income tax</b>		
Company income tax	1,032,697	891,962
Rental income tax due to Regional Gov't and City Admin.	824	-
Deferred income tax/(credit) to profit or loss	(25,029)	19,660
Total charge to profit or loss	<b>1,008,492</b>	<b>911,622</b>
Tax (credit) on other comprehensive income	-	-
Total tax in statement of comprehensive income	<b>1,008,492</b>	<b>911,622</b>

**14b Reconciliation of effective tax to statutory tax**

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

<b>Profit before tax</b>	<b>3,599,646</b>	<b>3,344,453</b>
<b>Add : Disallowed expenses and reversals</b>		
Entertainment	15,065	10,489
Donation	20,000	-
Penalty	10	2,730
Tax	66,207	-
Accrued Leave	47,238	-
Amortisation of Right of Use Asset	223,526	-
Interest expense on lease liability	22,011	-
Long service Award (Gratuity pay)	5,285	6,825
Bad debt written off	1,382	-
Provision for loans and advances as per IFRS	589,671	86,033
Assets (includes Local and Foreign Deposits, NBE Bills and Bonds and Receivables)	(2,096)	7,270
Impairment Losses Reversal on off Balance Sheets (LC and Guarantees)	(108)	112
Bonus Provisional expenses	287,843	-
Depreciation for accounting purpose	201,441	177,891
Amortization for accounting purpose	30,227	29,439
Net rental loss from rental operations	9,095	-
<b>Total disallowable expenses and reversals</b>	<b>1,516,797</b>	<b>320,789</b>





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 14 Income tax (Continued)

##### 14b Reconciliation of effective tax to statutory tax (Continued)

	30 June 2020	30 June 2019
	ETB'000	ETB'000
Less : Allowed expenses and reversals		
Depreciation and Amortization for tax purpose	258,656	248,534
Amortization on Prepaid Rent	240,950	-
Amortization on leasehold land	489	-
Share of profit from associate	672	683
Provision for loans and advances for tax	318,024	72,000
Impairment Losses on Other Assets for tax	14,010	5,533
Bonus	279,669	-
Interest income taxed at source foreign	10,712	8,371
Dividend income taxed at source	11,135	5,846
Interest income taxed at source-Local		
Deposit (Including NBE Bills)	537,058	351,068
Net rental income from rental operations	2,746	-
<b>Total allowable expenses and reversals</b>	<b>1,674,121</b>	<b>692,035</b>
<b>Taxable profit</b>	<b>3,442,322</b>	<b>2,973,207</b>
<b>Current tax at 30%</b>	<b>1,032,697</b>	<b>891,962</b>
	<b>1,032,697</b>	<b>891,962</b>

##### 14c Current income tax liability

	30 June 2020	30 June 2019
	ETB'000	ETB'000
Balance at the beginning of the year	891,567	429,411
Charge for the year:		
Income tax expense	1,032,697	891,962
Rental income tax due to Regional Gov't and City Admin.	824	-
Prior year (over)/ under provision	-	-
WHT Notes utilised	(309)	(395)
Payment during the year	(891,567)	(429,411)
<b>Balance at the end of the year</b>	<b>1,033,212</b>	<b>891,567</b>

All tax payable is current in nature.

##### 14d Deferred income tax

The analysis of deferred tax assets/(liabilities) is as follows:

	30 June 2020	30 June 2019
	ETB'000	ETB'000
To be recovered after more than 12 months	(73,405)	(96,823)





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**14 Income tax (Continued)**

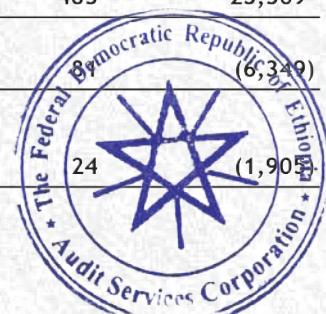
**14d Deferred income tax (Continued)**

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:

	At 1 July 2019 ETB'000	Credit/ (charge) to P/L ETB'000	(charge) to equity ETB'000	30 June 2020 ETB'000
<b>Deferred income tax assets/(liabilities):</b>				
Property, plant and equipment	(103,361)	23,545	-	(79,816)
Post employment benefit obligation	6,538	1,484	(1,611)	6,411
<b>Total deferred tax assets/(liabilities)</b>	<b>(96,823)</b>	<b>25,029</b>	<b>(1,611)</b>	<b>(73,405)</b>
	At 1 July 2018 ETB'000	Credit/ (charge) to P/L ETB'000	Credit/ (charge) to equity ETB'000	30 June 2019 ETB'000
<b>Deferred income tax assets/(liabilities):</b>				
Property, plant and equipment	(283,438)	(20,610)	200,687	(103,361)
Post employment benefit obligation	4,491	950	1,097	6,538
<b>Total deferred tax assets/(liabilities)</b>	<b>(278,947)</b>	<b>(19,660)</b>	<b>201,784</b>	<b>(96,823)</b>

**14e Rental Income tax**

	Addis Ababa ETB'000	Oromia Regional Gov't ETB'000	SNNP ETB'000	Harari Regional Gov't ETB'000	Total ETB'000
<b>Income:</b>					
Rental Income	10,177	3,768	2,709	566	17,220
<b>Expenses:</b>					
Salaries and wages	1,353	1,996	1,089	170	4,608
Uniform	79	14	-	-	93
Insurance	53	79	64	2	198
Deprecation	5,519	6,465	4,828	311	17,123
Repair and maintenance	11	573	-	-	584
Stationery	-	-	-	-	-
Cleaning	21	2	-	-	23
Building Taxes	12	134	214	2	362
Utilities	464	7	107	-	578
<b>Total Rental Expenses</b>	<b>7,512</b>	<b>9,270</b>	<b>6,302</b>	<b>485</b>	<b>23,569</b>
<b>Net Profit (Loss) from Rental Operation</b>	<b>2,665</b>	<b>(5,502)</b>	<b>(3,593)</b>		<b>(6,349)</b>
<b>Rental income tax (30%) due to Regional Gov't and City Admin.</b>	<b>800</b>	<b>(1,651)</b>	<b>(1,078)</b>		<b>(1,908)</b>





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>15 Cash and bank balances</b>		
Cash in hand	2,190,500	2,332,144
Reserve account with National Bank of Ethiopia	3,500,000	2,900,000
Balance held with National Bank of Ethiopia	3,313,836	1,819,170
Deposits with foreign banks	4,157,583	3,384,725
Deposits with local banks	1,275,688	935,513
	<b>14,437,607</b>	<b>11,371,552</b>
Less: Loss allowances	(612)	(951)
	<b>14,436,995</b>	<b>11,370,601</b>
<b>Maturity analysis</b>		
Current	10,937,607	8,471,552
Non-Current	3,500,000	2,900,000
	<b>14,437,607</b>	<b>11,371,552</b>

**15a Cash and cash equivalents**

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

	30 June 2020	30 June 2019
	ETB'000	ETB'000
Cash on hand	2,190,500	2,332,144
Deposit with local banks	1,275,688	935,513
Deposit with foreign banks	4,157,583	3,384,725
Balance held with National Bank of Ethiopia	3,313,836	1,819,170
	<b>10,937,607</b>	<b>8,471,552</b>







**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>16 Loans and advances to customers</b>		
Domestic trade and services	13,169,972	12,640,452
Export	10,497,819	9,356,944
Building and construction	12,645,575	9,485,443
Import	5,600,272	5,045,462
Manufacturing	6,559,693	5,087,440
Transport	2,182,118	2,116,646
Personal loans	4,054,158	1,950,602
Merchandise	81,790	81,723
Agriculture	123,120	116,358
Staff loans and advances	1,333,255	1,120,418
Murahabah Financing-Domestic Trade	436,155	65,474
Murahabah Financing-Export	235,167	-
Murahabah Financing-Agriculture	5,409	6,220
Murahabah Financing-Building and construction	168,000	28,676
Murahabah Financing-Import	16,219	10,846
Murahabah Financing-Manufacturing	70,235	4,261
Murahabah Financing-Transport	23,719	656
Export (Qard) Financing_IFB	3,512	74,658
Overseas Emp. Agencies Qard_IFB	68,091	69,793
	<b>57,274,279</b>	<b>47,262,072</b>
Loan Loss Allowance_Stage 1	(602,960)	(189,177)
Loan Loss Allowance_Stage 2	(65,943)	(26,550)
Loan Loss Allowance_Stage 3	(325,022)	(191,265)
	<b>56,280,354</b>	<b>46,855,080</b>





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 16 Loans and advances to customers (Continued)

##### 16a Impairment allowance on loans and advances to customers

A reconciliation of the allowance for impairment losses for loans and advances to customers by class, is as follows:

	As at 1 July 2018	Charge for the year 2019	As at 30 June 2019	Remeasuremen t and Charge for the year 2020	As at 30 June 2020
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Domestic trade and services	47,845	163,931	211,776	43,125	254,901
Building and construction	58,258	(13,380)	44,878	27,448	72,326
Manufacturing	1,659	10,576	12,235	48,658	60,893
Export	131,536	(40,019)	91,517	370,868	462,385
Import	7,280	8,899	16,179	16,828	33,007
Transport	2,935	21,786	24,721	51,184	75,905
Merchandise	2,697	(2,697)	-	592	592
Agriculture	2,584	(549)	2,035	(840)	1,195
Personal	365	1,849	2,214	6,920	9,134
Staff loans and Advances	6	557	563	2,219	2,782
Interest Free Banking	-	874	874	19,931	20,805
	<b>255,165</b>	<b>151,827</b>	<b>406,992</b>	<b>586,933</b>	<b>993,925</b>

#### 17 Investment securities

##### Financial assets at fair value through OCI :

Financial assets at FVOCI (equity investments)

	30 June 2020	30 June 2019
	ETB'000	ETB'000
	146,541	131,942

##### Financial assets at amortized cost :

Ethiopian Government Treasury Bills

Ethiopian Government bills

Ethiopian Government bonds

	146,541	131,942
	2,965,149	500,000
	9,922,424	11,221,433
	1,250	1,190

Less: Loss allowances

	<b>12,888,823</b>	<b>11,722,623</b>
	(650)	(1,011)
	<b>12,888,173</b>	<b>11,721,612</b>

The Bank pledged NBE Bills with a face value of ETB 2.822 Billion to secure currencies that the Bank carries in its vault on behalf of the NBE.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 17 Investment securities (Continued)

The Bank equity investment comprises:

	30 June 2020 ETB'000	30 June 2019 ETB'000
<b>Entities</b>		
Ethiopian Reinsurance Share co.	22,404	18,335
Awash Insurance Share co.	73,244	76,500
Eth-Switch Solution Share co.	39,187	26,802
Negat Mechanical Engineering Share Co.	284	1,149
ODA Share Co.	11,173	9,156
Sheger Smart City Real Estate S.C.	250	-
	<b>146,541</b>	<b>131,942</b>

As draft financial statement of both Negat Mechanical Engineering Share Co. and Ethiopian Reinsurance Share company were not ready for valuation, the last valuation date for our investments was on June 30, 2019.

		Proportion of	30 June 2020 ETB'000	30 June 2019 ETB'000
<b>18 Investment in associate</b>	<b>No of Shares</b>			
Premier Switch Solutions S.C.	44,996	30.12%	44,179	43,506

#### 18a Nature of relationship

Premier Switch Solutions Share Co. is a consortium owned by six private banks; Awash International Bank, Nib International Bank, United Bank, Berhan International Bank, Addis International Bank and Cooperative Bank of Oromia. 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 5 July 2012 with 165 million ETB. Awash International Bank holds 44,996 shares which is 30.12% of the total shareholding of the entity.

In accordance with the shareholders' agreement, Awash Bank has the right to cast 30.12% of the votes at shareholders' meetings.

The associate is accounted for using the equity accounting method.

The financial year end date of Premier Switch Solutions Share Co. is 30 June. This was the reporting date established when that company was incorporated. For the purposes of applying the equity method of accounting, the provisional financial statements of Premier Switch Solutions Share co. for the year ended 30 June 2020 have been used.

The 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.





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 18 Investment in associate (Continued)

##### 18a Nature of relationship (Continued)

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>Premier Switch Solution S.C</b>		
Current assets	136,003	65,388
Non-current	48,132	102,463
Current liabilities	(9,478)	(7,110)
Non-Current liabilities	(8,574)	-
<b>Net Assets</b>	<b>166,083</b>	<b>160,741</b>
	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>Summarised statement of comprehensive income</b>		
Income	39,987	34,036
Operating expense	(47,668)	(41,517)
Profit from continuing operation	(7,681)	(7,481)
Finance income	10,524	10,133
Finance costs	(493)	(17)
Net finance costs	10,031	10,116
Profit(loss) before tax	2,350	2,635
Income tax	-	-
Profit after tax	2,350	2,635
Legal reserve	(118)	(132)
<b>Net profit for the year</b>	<b>2,233</b>	<b>2,503</b>

The amount recognised in the income statement as share of profit/(loss) from investment in associate during the year is as follows:

Share of profit from associate	672	683
--------------------------------	-----	-----

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

	30 June 2020	30 June 2019
	ETB'000	ETB'000
Opening net assets 1 July	148,943	146,308
Profit for the period	2,350	2,635
Closing net assets	151,293	148,943
Bank's share in %	30.12%	27.27%
Bank's share in ETB	45,569	40,617
Carrying amount on the Bank's financial statement	45,569	40,617







**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>19 Other assets</b>		
<b>Financial assets</b>		
Uncleared effects	221,226	294,336
Other receivables	784,397	632,759
<b>Gross amount</b>	<b>1,005,623</b>	<b>927,095</b>
Less: Loss allowances (note 19a)	(9,484)	(11,359)
	<b>996,139</b>	<b>915,736</b>
<b>Non-financial assets</b>		
Repossession collateral	39,562	31,982
Prepayments	154,235	642,293
Office supplies	100,669	69,286
Prepaid staff asset	261,105	245,320
Operating leasehold land	-	20,569
<b>Gross amount</b>	<b>555,571</b>	<b>1,009,450</b>
	<b>1,551,710</b>	<b>1,925,186</b>
<b>Maturity analysis</b>		
Current	1,096,808	985,022
Non-Current	454,902	940,164
	<b>1,551,710</b>	<b>1,925,186</b>

**19a Loss allowance on other assets**

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

	30 June 2020	30 June 2019
	ETB'000	ETB'000
Balance at the beginning of the year	11,359	15,711
(Reversal)/charge for the year (note 10)	(1,396)	(4,352)
Receivables - Bad Debts Write Off	(478)	-
<b>Balance at the end of the year</b>	<b>9,485</b>	<b>11,359</b>





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 20 Right of Use Assets and Lease Obligation

The Bank leases a number of assets including land and buildings. Information about leases for which the Bank is a lessee is presented below:

##### i. Right-of-Use assets:

	Land ETB'000	Building ETB'000	Total ETB'000
<b>Cost:</b>			
Balance at 01 July 2019	20,569	835,934	856,503
Additions	6,226	302,391	308,617
<b>Balance at 30 June 2020</b>	<b>26,795</b>	<b>1,138,325</b>	<b>1,165,120</b>
<b>Depreciation</b>			
Balance at 01 July 2019	-	-	-
Charge for the year	621	222,905	223,526
<b>Balance at 30 June 2020</b>	<b>621</b>	<b>222,905</b>	<b>223,526</b>
<b>Net Carrying Value at 30 June 2020</b>	<b>26,174</b>	<b>915,420</b>	<b>941,594</b>

##### ii. Lease Liabilities:

	Land ETB'000	Building ETB'000	Total ETB'000
Recognition on initial application at 01 July 2019	6,226	214,769	220,995
Additions	-	54,047	54,047
Interest expense in P & L	55	21,956	22,011
payment of leases	(162)	(41,746)	(41,908)
<b>Balance at 30 June 2020</b>	<b>6,119</b>	<b>249,026</b>	<b>255,145</b>

The Bank recognises a lease liability at the present value of the lease payments that are not paid at that date. The Bank uses an incremental borrowing rate that is based on the weighted average cost of deposits across the years. The rates used to compute the present values of buildings lease liabilities as at 30 June 2020 was 11.16%.

The Bank leases buildings for its office space and branches. The building leases typically run for a period of between 2 and 15 years with majority of the contracts running for a period of 5 and 7 years. Some leases include an option to renew the lease for an additional period at the end of the contract term. The renewal term and lease rental cannot be reliably estimated before the end of a contract.

The Bank leases land for construction of its own office buildings. The land leases typically run for a period of between 40 years and 70 years with majority of the contracts running for a period of 40 and 60 years. These leases include an option to renew the lease.







**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

	<b>Purchased software ETB'000</b>
<b>21 Intangible assets-Computer software</b>	
<b>Cost:</b>	
As at 1 July 2018	176,121
Acquisitions	841
<b>As at 30 June 2019</b>	<b>176,962</b>
 As at 1 July 2019	 176,962
Acquisitions	13,170
<b>As at 30 June 2020</b>	<b>190,132</b>
<b>Accumulated amortisation</b>	
As at 1 July 2018	107,442
Amortisation for the year	29,439
Impairment losses	-
<b>As at 30 June 2019</b>	<b>136,881</b>
 As at 1 July 2019	 136,881
Amortisation for the year	30,228
Impairment losses	-
<b>As at 30 June 2020</b>	<b>167,109</b>
 <b>Net book value</b>	
As at 1 July 2018	68,679
As at 30 June 2019	40,081
As at 30 June 2020	23,023





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

22 Property and equipment	Freehold Land	Buildings	Motor vehicles	Furniture, fittings and equipments	Computer equipment	Construction-work in progress	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
<b>Cost:</b>							
As at 1 July 2018	4,391	1,474,597	425,785	595,963	361,238	92,859	2,954,833
Adjustments	-	(5,902)	-	-	-	-	(5,902)
Additions	-	127,285	10,842	74,206	45,722	141,708	399,763
Disposals	-	-	(666)	(7,802)	(1,723)	-	(10,191)
Reclassifications	-	(16,757)	-	(811)	811	(70,968)	(87,725)
<b>As at 30 June 2019</b>	<b>4,391</b>	<b>1,579,223</b>	<b>435,961</b>	<b>661,556</b>	<b>406,048</b>	<b>163,599</b>	<b>3,250,778</b>
As at 1 July 2019	4,391	1,579,223	435,961	661,556	406,048	163,599	3,250,778
Adjustments	-	-	-	1,557	-	-	1,557
Additions	-	18,165	103,363	181,013	98,092	233,446	634,079
Disposals	-	-	(5,049)	(361)	(194)	-	(5,604)
Reclassification	-	-	-	22,059	(8,849)	(17,760)	(4,550)
<b>As at 30 June 2020</b>	<b>4,391</b>	<b>1,597,388</b>	<b>534,275</b>	<b>865,824</b>	<b>495,097</b>	<b>379,285</b>	<b>3,876,260</b>
<b>Accumulated depreciation</b>							
As at 1 July 2018	-	49,356	128,283	195,022	157,667	-	530,328
Charge for the year	-	31,141	38,043	61,279	47,419	-	177,882
Adjustments/ Transfer charge	-	-	-	1,925	378	-	2,303
Disposals	-	(577)	(632)	(5,306)	(1,316)	-	(7,831)
<b>As at 30 June 2019</b>	<b>-</b>	<b>79,920</b>	<b>165,694</b>	<b>252,920</b>	<b>204,148</b>	<b>-</b>	<b>702,682</b>
As at 1 July 2019	-	79,920	165,694	252,920	204,148	-	702,682
Depreciation Charge for the year	-	34,457	39,369	71,895	55,713	-	201,434
Adjustments/ Transfer charge	-	10	-	4	-	-	14
Disposals	-	-	(3,674)	(214)	(134)	-	(4,022)
<b>As at 30 June 2020</b>	<b>-</b>	<b>114,387</b>	<b>201,389</b>	<b>324,605</b>	<b>259,727</b>	<b>-</b>	<b>900,108</b>
<b>Accumulated Impairment</b>							
As at 1 July 2018	-	-	-	368	841	-	1,209
Charge/ Reversal for the year	-	-	-	-	-	-	-
Disposals	-	-	-	(151)	(321)	-	(478)
<b>As at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217</b>	<b>514</b>	<b>-</b>	<b>731</b>
As at 1 July 2019	-	-	-	217	514	-	731
Charge/ Reversal for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>As at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217</b>	<b>514</b>	<b>-</b>	<b>731</b>
<b>Net book value</b>							
As at 1 July 2018	4,391	1,425,241	297,502	400,573	202,730	92,859	2,423,296
As at 30 June 2019	4,391	1,499,303	270,267	408,419	201,386	163,599	2,547,365
As at 30 June 2020	4,391	1,483,001	332,886	541,002	234,856	379,285	2,975,421





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

	30 June 2020 ETB'000	30 June 2019 ETB'000
<b>23 Deposits from customers</b>		
Demand deposits	19,260,393	18,638,116
Savings deposits	41,709,853	34,908,477
Time deposits	5,655,946	3,914,151
Amana Deposit-Demand Private Sector	806,706	291,110
Wadi'ah-Saving Private Sector	3,142,138	1,857,720
Wadi'ah -Labbaik Account	1,384	6,478
Wadi'ah -Student Solution	1,484	-
	<b>70,577,904</b>	<b>59,616,052</b>
<b>Maturity analysis</b>		
Current	28,726,634	43,190,000
Non-Current	41,851,270	16,426,052
	<b>70,577,904</b>	<b>59,616,052</b>
<b>24 Other liabilities</b>		
	30 June 2020 ETB'000	30 June 2019 ETB'000
<b>Financial liabilities</b>		
Deferred income	56,980	44,762
Interest payable	23	-
Letter of credit margin payables	3,688,150	2,848,172
Blocked accounts	13,061	7,643
Cheques issued	252,119	401,486
Exchange commission payable	91,917	85,865
Accounts payable	668,209	502,252
Loss Allowances on off Balance Sheets	97	205
<b>Gross amount</b>	<b>4,770,556</b>	<b>3,890,385</b>
<b>Non-financial liabilities</b>		
Accruals	217,356	170,118
Directors' Allowance	1,637	1,590
Accrued Audit fee	665	-
Accrued liabilities-Bonus	280,151	217,819
Other payables	11,810	45,948
Tax payable	69,216	44,349
<b>Gross amount</b>	<b>580,835</b>	<b>479,824</b>
	<b>5,351,391</b>	<b>4,370,209</b>





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 24 Other liabilities (Continued)

##### *Maturity analysis*

Current	1,663,241	1,522,037
Non-Current	3,688,150	2,848,172
	<b>5,351,391</b>	<b>4,370,209</b>

Tax payable includes tax on capital gain, value added taxes (VAT), income tax, tax on saving deposits interest paid and withholding taxes.

#### 25 Retirement benefit obligations

##### Defined benefits liabilities:

- Gratuity (note 25a)

Liability in the statement of financial position

##### Income statement charge included in personnel expenses:

- Gratuity (note 25a)

Total defined benefit expenses

##### Remeasurements for:

- Gratuity (note 25a)

	30 June 2020	30 June 2019
	ETB'000	ETB'000
- Gratuity (note 25a)	21,371	21,794
Liability in the statement of financial position	<b>21,371</b>	<b>21,794</b>
Income statement charge included in personnel expenses:		
- Gratuity (note 25a)	5,285	3,727
Total defined benefit expenses	<b>5,285</b>	<b>3,727</b>
Remeasurements for:		
- Gratuity (note 25a)	(3,759)	2,561
	<b>(3,759)</b>	<b>2,561</b>

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

##### *Maturity analysis*

Current	5,285	3,727
Non-Current	16,086	18,067
	<b>21,371</b>	<b>21,794</b>





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

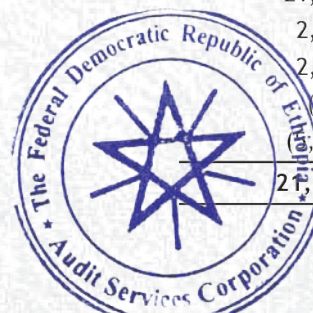
**25 Retirement benefit obligations (Continued)**

**25a Gratuity**

The long service awards is the only applicable to employees that reach the retirement age. Employees who attain this age while in a managerial position are entitled to 3 months final monthly salary while for other employees, it is 2 months final salary. The scale is not funded hence, there are no plan assets.

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

	30 June 2020	30 June 2019
	ETB'000	ETB'000
<b>A Liability recognised in the financial position</b>		
	21,371	21,794
<b>B Amount recognised in the profit or loss</b>		
Current service cost	2,295	1,601
Interest cost	2,990	2,126
	5,285	3,727
<b>C Amount recognised in other comprehensive income:</b>		
Actuarial (Gains)/Losses on demographic assumptions	-	-
Actuarial (Gains)/Losses on economic assumptions	(9,375)	1,622
Actuarial (Gains)/Losses on experience	4,005	2,036
	(5,370)	3,658
Deferred tax (liability)/asset on remeasurement gain or loss	1,611	(1,097)
	(3,759)	2,561
<b>D Changes in the present value of the defined benefit obligation</b>		
	30 June 2020	30 June 2019
	ETB'000	ETB'000
The movement in the defined benefit obligation over the years is as follows:		
At the beginning of the year	21,794	14,969
Current service cost	2,295	1,601
Interest cost	2,990	2,126
Retirement benefit paid	(338)	(560)
Remeasurement (gains)/ losses	(5,370)	3,658
At the end of the year	21,371	21,794





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 25 Retirement benefit obligations (Continued)

The significant actuarial assumptions were as follows:

##### i) Financial Assumption Long term Average

	30 June 2020	30 June 2019
Discount rate (p.a)	15.30%	12.50%
Long term salary increases (p.a)	12.00%	12.00%
Average Rate of Inflation (p.a)	10.00%	10.00%

##### ii) Mortality in Service

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

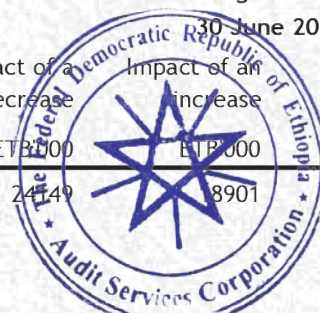
Age	Mortality rate	
	Males	Females
20	0.00306	0.00223
25	0.00303	0.00228
30	0.00355	0.00314
35	0.00405	0.00279
40	0.00515	0.00319
45	0.00450	0.00428
50	0.00628	0.00628
55	0.00979	0.00979
60	0.01536	0.01536

##### iii) Withdrawal from Service

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

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

	Impact on defined benefit obligation				
	30 June 2020		30 June 2019		
	Change in assumption	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
		ETB'000	ETB'000	ETB'000	ETB'000
Discount rate	1.0%	18932	24149	18901	25162





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**25 Retirement benefit obligations (Continued)**

	Change in assumption	Impact on current service cost			
		30 June 2020		30 June 2019	
		Impact of an increase ETB'000	Impact of a decrease ETB'000	Impact of an increase ETB'000	Impact of a decrease ETB'000
Salary Increase	1.0%	1724	2199	1990	2650

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

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. The average duration of the gratuity scheme at the end of the reporting period is five years (30 June 2019: five years).

26 Share capital		30 June 2020 ETB'000	30 June 2019 ETB'000
	Authorised:		
	Ordinary shares of ETB 1,000 each	6,000,000	3,000,000
	Issued and fully paid:		
	Ordinary shares of ETB 1000 each	5,848,271	4,384,696
27 Share Premium		30 June 2020 ETB'000	30 June 2019 ETB'000
	At the beginning of the year	1,389	1,389
	Addition during the year	-	-
		1,389	1,389





# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

### Notes to the Financial Statements (Continued)

#### 28 Earnings per share

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

	30 June 2020 ETB'000	30 June 2019 ETB'000
Profit attributable to shareholders	2,591,155	2,432,828
Weighted average number of ordinary shares in issue	5,080,844	3,851,751
Basic & diluted earnings per share (ETB)	510	632

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2019:nil), hence the basic and diluted earnings per share have the same value.

#### 29 Retained earnings

	30 June 2020 ETB'000	30 June 2019 ETB'000
At the beginning of the year	2,633,811	1,625,752
Tax on Retained Earnings	(23,305)	-
Tax on interest income on foreign deposit	(419)	-
Opening adjustments	(10)	194,669
Adjustment on initial application of IFRS 9, net of taxes	-	(1,016)
Profit/ (Loss) for the year	2,591,155	2,432,828
Transfer to Legal reserve	(647,789)	(608,207)
Transfer from/to Risk Regulatory Reserve	107,290	(81,065)
Directors' allowance	(1,637)	(1,590)
Dividend declared	(1,707,001)	(927,561)
At the end of the year	2,952,095	2,633,811

#### 30 Legal reserve

	30 June 2020 ETB'000	30 June 2019 ETB'000
At the beginning of the year	2,246,249	1,638,042
Transfer from profit or loss	647,789	608,207
At the end of the year	2,894,038	2,246,249







# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2020

#### Notes to the Financial Statements (Continued)

#### 30 Legal reserve (Continued)

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

#### 31 Risk regulatory reserve

	30 June 2020	30 June 2019
	ETB'000	ETB'000
At the beginning of the year	317,162	291,656
Adjustment on initial application of IFRS 9, net of taxes	-	(55,559)
Transfer to/from Retained Earnings	(107,290)	81,065
At the end of the year	209,872	317,162

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 incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

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

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

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

- Prudential provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve (retained earnings) account to a "regulatory risk reserve".
- Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

(b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

		30 June 2020 ETB'000	30 June 2019 ETB'000
<b>32 Other reserves</b>			
At the beginning of the year		55,621	(4,671)
Fair value reserve		10,517	62,853
Re-measurement gains on defined benefit plans (net of tax)		3,759	(2,561)
At the end of the year		<b>69,897</b>	<b>55,621</b>
	Notes	30 June 2020 ETB'000	30 June 2019 ETB'000
<b>33 Cash generated from operating activities</b>			
Profit before tax		<b>3,599,646</b>	<b>3,344,451</b>
Adjustments for non-cash items:			
Foreign exchange gains/losses	8	(429,321)	(446,697)
Depreciation of property, plant and equipment	20	201,442	177,882
Amortisation of intangible assets	21	30,228	29,439
Amortisation of Right of Use Assets		223,526	-
Investment in associate	17	(673)	(682)
Gain/Loss on disposal of property, plant and equipment		4,575	(8,309)
Adjustments on property, plant and equipment reclassification		(10)	2,303
Impairment on loans and advances to customers	16	589,671	86,033
Loans and advances - Bad Debts Write Off	16	(2,739)	-
Impairment on other assets	10	(1,396)	5,883
Receivables - Bad Debts Write Off	10	(478)	-
Impairment on cash, bills and bonds		(361)	1,039
Impairment on off balance sheet items	13	(108)	112
Interest expense on Lease Liability	20	22,011	-
Retirement benefit obligations	25	5,285	3,727
Changes in working capital:			
-Decrease/ (Increase) in loans and advances	16	(10,012,207)	(15,957,851)
-Decrease/ (Increase) in restricted deposits	15	(600,000)	(700,000)
-Decrease/ (Increase) in other assets	19	(260,157)	(399,216)
-Increase/ (Decrease) in other liabilities	24	943,225	(228,074)
-Increase/ (Decrease) in customer's deposit		10,961,852	16,164,674
		<b>5,274,011</b>	<b>2,074,714</b>







**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**34 Related party transactions**

Awash International Bank Share Company is owned by over 4,523 shareholders without an ultimate parent company. Premier Switch share company (PSS) is the only associate of the Bank. See note 18 for the details of the Bank's relationship with PSS.

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

34a Transactions with related parties	Relationship	30 June 2020	30 June 2019
		ETB'000	ETB'000
Income received from PSS	Associate	2,007	-
Payment made to PSS	Associate	21,277	12,295
Net Transaction		23,284	12,295
	Relationship	30 June 2020	30 June 2019
		ETB'000	ETB'000
	<u>management</u>		
	<u>personnel</u>		
Loans and advances	Board of Directors	963,800	776,830
	Executive Management	8,820	10,514
		972,620	787,344

**34b Key management compensation**

It has been determined that key management is the members of the Board of Directors and the Executive Management of the Bank. The compensation paid or payable to key management is shown. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2020.

	30 June 2020	30 June 2019
	ETB'000	ETB'000
Salaries and other short-term employee benefits	26,924	19,923
Post-employment benefits	3,500	2,590
Board allowances	2,830	2,830
Other allowances	8,119	7,728
	41,373	33,071

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





***Awash International Bank S.C.***  
**Financial Statements**  
**For the year ended 30 June 2020**  
***Notes to the Financial Statements (Continued)***

**35 Contingent liabilities**

**35a Claims and litigation**

The Bank is a party to numerous legal actions brought by different organizations and individuals arising from its normal business operations. The maximum exposure of the Bank to these legal cases as at 30 June 2020 is ETB 48.247 million (30 June 2019: ETB 17.261million).

**35b Guarantees and letters of credit**

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

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

	30 June 2020	30 June 2019
	ETB'000	ETB'000
Guarantees	1,085,624	1,342,696
Letters of credit	4,211,020	4,282,921
	<b>5,296,644</b>	<b>5,625,617</b>

**36 Commitments**

Loan commitments	4,387,680	2,244,004
Other commitments	679,288	32,259
	<b>5,066,968</b>	<b>2,276,263</b>

The Bank has commitments, not provided for in these financial statements for the year 30 June 2020 is ETB 5.067 billion (30 June 2019: ETB 2.276 billion), being exposure of the Bank from commercial letters of credit to customers. Other commitments represent commitments made in respect of the estimated cost to complete the Bank's construction work in progress.





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**36 Commitments (Continued)**

**36a Lease commitments - Bank as lessee**

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

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

	30 June 2020	30 June 2019
	ETB'000	ETB'000
No later than 1 year	34,697	123,261
Later than 1 year and no later than 5 years	287,136	99,462
Later than 5 Years	8,733	3,128
<b>Total</b>	<b>330,566</b>	<b>225,851</b>

**36b Lease commitments - Bank as lessor**

The Bank acts as lessor of office equipment. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases (such as those concerning dividends, additional debt and further leasing).

Future minimum lease payments under non-cancellable operating leases as at 30 June are, as follows:

	30 June 2020	30 June 2019
	ETB'000	ETB'000
No later than 1 year	18,937	19,035
Later than 1 year and no later than 5 years	5,086	7,207
Later than 5 Years	-	-
<b>Total</b>	<b>24,023</b>	<b>26,242</b>

**37 Events after reporting period**

There were no significant post balance sheet events which could have a material effect on the state of affairs of the Bank as at 30 June 2020 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.





**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2020**  
**Notes to the Financial Statements (Continued)**

**38 IFRS 16 Leases Impact on financial statements**

On transition to IFRS 16, the Bank recognised additional right-of-use assets, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

1 July 2019	ETB In Birr'000
Reclassified from Prepaid Rent to Right of Use Asset	ETB In Birr'000
Right of Use Asset to be recognized on Day one-01 July 2019	872,082
- Recognition exemption for leases of low-value assets	(3,474)
- Recognition exemption for leases with less than 12 months of lease term at transition	(12,106)
- Extension options reasonably certain to be exercised	-
Total Right of Use Assets	856,503

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 11.16%.

Operating lease commitments at 01 July 2019 as disclosed under IAS 17 in the Bank's financial statements	ETB In Birr'000
Discounted using the incremental borrowing rate at 1 July 2019	220,995
Lease liabilities recognised at 1 July 2019	220,995





## Financial Highlight, Number of Branches and Employees In millions of Birr unless stated other wise

Particulars	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Deposits*</b>	8,045	9,565	13,105	16,118	19,506	24,236	32,782	43,451	62,464	74,266
<b>Loans &amp; Advances **</b>	3,986	5,505	7,710	9,176	12,482	15,451	22,646	31,304	47,262	57,274
<b>NBE bills</b>	1,589	2,485	3,146	4,067	5,365	5,306	8,355	6,993	11,221	9,922
<b>Total Assets</b>	11,089	13,125	17,784	22,106	25,140	31,148	40,027	55,268	74,635	89,288
<b>Capital &amp; Reserves (Total Equity)</b>	1,336	1,651	2,066	2,597	3,185	3,934	5,568	6,496	9,640	11,976
<b>Profit Before Tax</b>	505	531	583	829	861	986	1,350	1,964	3,344	3,600
<b>Profit After Tax</b>	361	394	439	619	669	744	1,003	1,492	2,432	2,591
<b>Earnings per share (Birr)</b>	560		456	475	445	371	390	543	632	510
<b>No. of Branches (in no.)</b>	70	86	115	150	202	240	316	366	410	465
<b>No. of Employees (in no.)</b>	2,724	3,219	4,011	4,787	5,847	6,003	6,772	7,872	9,046	10,130

Source: AB's Audited Accounts

\*Including Margins held on L/C

\*\* Including Provisions for Doubtful Loans & Advances







## ATMs' Located at Awash Bank Branches in Addis Ababa



### BRANCH NAME

ABUWARE
ADDIS KETEMA
ADDISU GEBEYA
ADEY ABEBA
AFRICA ANDINET
AFRICA AVENUE
AIRPORT
AKAKI
AKAKI GEBEYA
AKAKI GELAN
AKAKI KALITY
ALEM BANK
AMANUEL TOTAL
ARADA GIORGIES
ARAT KILO
ASCO
ASIRA SIMINT MAZORIA
ASKCO ADDIS SEFER
AYAT TAFO
BALDERAS
BAMBIS
BEKLOBET
BESHALE FIGA
BETHEL
BOLE
BOLE 22
BOLE 24
BOLE ASIRA SEBAT
BOLE BULBULA
BOLE MEDHANEALEM (2 ATMs)
BOLE MICHAEL
BOURAYOU KETA
BULGARIA MAZORIA
BURAYU MARIAM
CHURCHIL ROAD
CMC
D'AFRIQUE
DEJAZMACH BALCHA SAFO
DESIE BER
DIL GEBEYA
DUBAI TERA
ECA AKABABI
EDGET

### BRANCH NAME

ENDERASE
ERTU LEBU
FERENSAY LEGASION
FINFINE (3 ATMs)
FIT BER
FURI
GEFERSA NONO
GEJA SEFER
GENET HOTEL
GERJI
GERJI GIORGES
GFERSA GIJI
GLOBAL AKABABI
GOFA GEBREAL
GOFA MEBRAT
GOFA SEFER
GOJAM BER
GORO BESHALE
GOTERA
GULELE
GULELE FINANCE
GULELE PAULOS
GURD SHOLA
GURD SHOLA JACKROS
HABTE G.DILDIY
HANNA MARIAM
HARBO GUDO
HAYA HULET MAZORIA
HAYA HULET WUHALIMAT
HAYAT ADEBABAY
HAYAT ARABSA
HEAD OFFICE
HURBU GUDO
IMPERIAL AKABABI
JACKROS
JEMMO
JEMMO MICHAEL
KAGNEW SHALEKA
KALITI GEBIRIEL
KALITI GUMRUK
KARA KORE
KARA MAZORIA
KARA ROAD

### BRANCH NAME

KARALLO
KARL SQUARE
KAZANCHIS
KEBENA
KECHENE CHILOT
KIRKOS AKABABI
KOKEB
KOKEB
KOLFE
KOLFE ATENA TERA
KOLFE LUKANDA
KORIYA HOSPITAL
KOTEBE
Kotebe 02
KUAS
LAFTO
LAMBERET
LEBU
LEGEHAR
LEGETAFO
LEMEN
LIDETA H
MEGENAGNA
MEGENAGNA ADEBABAY
MEGENAGNA HAYA HULET
MEHAL ARADA
MEHAL GEBEYA
MEHAL GOFA
MEKANISA
MEKANISA ABBO
MEKANISA KORE
MERKATO
MESALEMIA
MESKEL FLOWER
MEXICO
MICHAEL ADEBABAY
MIKYLILAND
MILINIUM
MOENCO
NIFAS SILK
OLOMPIA
PIASSA
RUWANDA EMBASSY

### BRANCH NAME

SALLO GORA
SANFORD
SANSUSSI
SARBET
SARIES
SARIES ADDIS SEFER
SEBATEGNA
SHALLA
SHEGER
SHEGOLE
SHIRO MEDA
SIDAMO TERA
SIDEST KILO
SIGNAL
STADIUM
STADIUM ZURIA
SUMMIT
SUMMIT 72
TEKILE HAIMANOT
TEMENJA YAJ
TORHAILOCH
TRAFICKTSEFETBET
URAEI
URAEI NIGEST SEFER
WELETE
WELLO SEFER
WORKU SEFER
WOSEN SEFER
WUHALIMAT
WUHALIMAT 22
YARED
YEKA
YEKA ABADO ADEBABAY
YEKA ABADO G7
YERER BER
YESH DEBELE SEFER
YOSEPH
ZENEBWORK



## ATMs’ Located at Awash Bank Out Side Addis Ababa

### BRANCH NAME

ABA SENA
ABAJIFAR
ABAY MADO
ABOSTO
ADABA
ADAMA
ADAMA
ADAMA
ADAMA RAS
ADEA (2 ATMS)
ADI HAQI
ADIGRAT
ADOLA
AGARO
AGARO GOMMA
ALABA KULITO
ALAMATA
ALAMATA
ALAMURA
ALELLTU
ALEMGENA
ALETA WONDO
AMBO
ANGER GUTE
ARBA MINCH
AREKA
ARERTI
ARSI NEGELE
ARSI ROBE
ASSASSA
ASSELA BR.
ASSOSA
AWASH SEBAT KILO
AWASHO
AWEDAY
AXUM
AYRA
AZEZO
BABILE
BAHIR DAR ( GHION )
BAHIRDAR
BAKO
BALE ROBE
BAMBASI
BATI
BATU (ZEWAY)
BEDELLE
BEDESSA
BEGI
BEKOJI
BERECH
BICHENA
BISHOFTU
BODITI
BOKE
BONGA

### BRANCH NAME

BOSSET
BOTE
BUANBA WUHA
BULE HORA
BURE DAMOT
BURQA JATO
BUTAJIRA
CHAGNI
CHEFE DONSA
CHELENQO
CHILALO
CHIRO
CHORA
DAMBI (DEBRE ZEIT)
DANGELA
DEBRE BIRHAN
DEBRE MARKOSE
DEBRE TABOR
DEDERE
DEMBELA
DENBI DOLO
DERA
DERA GUNDO MESKEL
DERARTU
DESSIE
DILA
DILLA
DIRE DAWA
DODOLA
DOLOMENA
DUKEM
EDAGA HAMUS
EDAGA MEKELLE
EJAJI
ENJIBARA
ETEYA
FICHE
FINCHWHA
FINOTE SELAM
GAMBELLA
GAMBELLA NEW LAND
GANDA GARA
GAST SOLAR
GEDO
GELAN
GELEMSO
GERBA GURACHA
GIDA AYANA
GIDAMI
GIMBI
GINCHI
GINIR
GIREGNE
GISH ABAY
GOBA
GOBESSA

### BRANCH NAME

GODENA SELAM
GONBORA
GONDER
GONDER AZEZO
GONDER FASILEDES
GRAWA
GUDATU ARJO
GUDER
GUDRU
GULISO
HAFETESA(D.DAWA)
HARAR
HARER ARATEGNA SEFER
HARO SABU
HARO WOLABU
HAROMAYA
HARUFA
HAWASSA
HAWASSA AREB SEFER
HAWASSA MENHARIA
HIRMATA
HIRNA
HOLETA
HOSSANA
HUMERA
INJIBRA
JAWI
JERJAGA JARTTE
JIBRUK
JIGJIGA
JIGJIGA/ QALI
JIMMA
JIMMA ARJO
JINKA
KECHEMA
KEMISE
KERCHA
KEZIRA
KOBO
KOKA
KOMBOLCHA
LALIBELA
LEGEODA
LEKA
LIMU
LOGIA
MADA WOLABU
MAMBOOK
MARAKI
MECHARA
MEDE AGAME
MEKANESELAM
MEKELE
MEKELE JIBRUK
MEKI
MENDI

### BRANCH NAME

MERHAWI
MERSA
METAHARA
METTU
MOJO
MOTTA
MUGAD
MUGI
NEDJO
NEGELLE
NEKEMTE
NOLE QABA
ODA BULEQE
ODA NEKEMTE
ODO LIBAN AMBO
KERSA
SABIEN SEFER BR.
SAR TERA
SEBETA
SEMERA
SEQOTA
SHAKISO
SHAMBU
SHASHEMENE
SHENEN GIBE
SHENO
SHESHENCHO
SHIRE ENDESELA
SIBU SIREE
SOF OMER
SOFUMER
SULULTA
TABOR
TEPI
TONNA
TOSSA
TULU EJERSA
WARA JARSO
WECHESHA
WELAYITA SODO
WELENCHETI
WELLISO
WERABE
WERETTA
WESERBI
WOLDIYA
WOLKITE
WONDOBASHA
WUKRO
YA'ABELO
YAYO
YEBU
ZENBABA



# Lobby ATMs

ATM Location	City
ABEBE ZELEKE HOTEL	WELAYITA SODO
ADDIS ABABA INT'N AIRPORT TERMINAL-1	ADDIS ABABA
ADDIS ABABA INT'N AIRPORT TERMINAL-2	ADDIS ABABA
ADDIS GATE TRADING CENTER	ADDIS ABABA
AFRICA UNION	ADDIS ABABA
ALERT HOSPITAL	ADDIS ABABA
ARSI UNIVERSITY	CHILALO (ASSELA)
BERHANE ADERE MALL	ADDIS ABABA
BETELHEM PLAZA	ADDIS ABABA
BGI ATM01	ADDIS ABABA
BLENDANA HOTEL	ASSOSSA
CAPITAL HOTEL	ADDIS ABABA
CARE ETHIOPIA	ADDIS ABABA
CATHOLIC RELIEF SERVICE	ADDIS ABABA
CENTURY MALL (2 ATMS)	ADDIS ABABA
CONCORD HOTEL	ADDIS ABABA
DH GEDA	ADDIS ABABA
EAST AFRICA BOTTLING S.C	ADDIS ABABA
ECA	ADDIS ABABA
ELIANA MALL	ADDIS ABABA
ELILI HOTEL	ADDIS ABABA
ETHIOPIA HOTEL	ADDIS ABABA
FILWUHA	ADDIS ABABA
GAST SOLAR MECHANICS PLC ATM01	ADDIS ABABA
GHION HOTEL	ADDIS ABABA
GRAND RESORT AND SPA	BAHIR DAR
HAILE RESORT	BATU
HALELUYA HOSPITAL	ADDIS ABABA
HARMONY HOTEL (2 ATMS)	ADDIS ABABA
HERMON CAFE	ADDIS ABABA

ATM Location	City
HILTON ADDIS ABABA	ADDIS ABABA
HOTEL SALAYISH	MIZAN TEFERI
INTERCONTINENTAL HOTEL	ADDIS ABABA
JAMBO IMPEX PLX	HARAR RAS HOTEL
JAMBO IMPEX PLX (HARAR RAS HOTEL) ATM01	HARER HUNDENE
JIMMA UNIVERSITY TECHNOLOGY INSTITUTE ATM01	JIMMA
JUPITER TRADING HOTEL	ADDIS ABABA
KELELA BLD.	ADDIS ABABA
KENENISA HOTEL	ADDIS ABABA
MAFI MALL	ADDIS ABABA
MARRIOT HOTEL ATM02	ADDIS ABABA
NOAH REAL STATE	ADDIS ABABA
PARADISE LODGE	ARBAMINCH
PARK PLAZA	ADDIS ABABA
RAMADA HOTEL	ADDIS ABABA
ROBERA COFFEE	ADDIS ABABA
ROZETA HOTEL	ADDIS ABABA
SABON BUILDING	ADDIS ABABA
SIDIST KILO UNIVERSITY	ADDIS ABABA
SIDRA HOTEL	ADDIS ABABA
SNAP PLAZA	ADDIS ABABA
SOUTH STAR HOTEL	HAWASSA
ST. MARY UNIVERSITY	ADDIS ABABA
TEKLEHAIMANOT HOSPITAL	ADDIS ABABA
TSEGA MALL	ADDIS ABABA
WABESHEBELE HOTEL	ADDIS ABABA
YOD ABYSSINIA	ADDIS ABABA
ZEFMESH BLDG	ADDIS ABABA



# Awash Bank Branch Address by Region



## 1. North Addis Ababa Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>011-530-3001/06</b>	
1	Ababil	0925-93-77-02	
2	Abado Meskelegna	011-869-4044	
3	Abuare	011-557- 6901/6836	011-557- 6910
4	Addisu Gebeya	011-126 -8100/8072	011-126- 8099
5	Aleltu	011-631-0710/0578	011-631-0632
6	Amist kilo	011-1154-14-57/58	
7	Arada Giorgis	011-155- 6166/5938	011-155- 5800
8	Arat Killo	011-157- 0332/31/1714	011-157- 0335
9	Balderas	011-636-8141	011-636-8142
10	Chanco	011-188-0905/06	011-188-0923
11	Churchil road	011-126- 2025/2000/2017	011-126- 2018
12	Dale Dembel	011-667-9194/9539	011-667-9278
13	Debre Birhan	011-637 5061/71	011-637 -5088
14	Dera Gundo Meskel	011-115-0707/0832	011-115-0674
15	Dessie Ber	011-667 -8022 /44/50	011-667 -8048
16	Ferensay Legasion	011-154-8082/90/84	011-154-8081
17	Fiche	011-135-2022 /77/69	011-135- 2187
18	Gerba Guracha	011-131- 0733/0689	011-131-0795
19	Gojam Ber	011-126- 8355/45	011-126- 8353
20	Gullele Finance	011-273- 2432/27	011-273 -2351
21	Gurd Sholla	011-646 -1679/47	011-646- 1231
22	Habte Giorgis	011-157- 8891/9593/91	011-157- 4546
23	Hayat Tafo	011-669-1502/1873	
24	Kara allo	011-667-8906/667 8859	011-667-8894
25	Kara Mazonia	011-668- 0350/51	011-668- 0549
26	Kara Road	011-667 -0260/0189/0179	011-667 -0257
27	Kebena	011-154- 4006/08/07/15	011-154- 4012
28	Kechene	011-126-7677/70 13	011-126-6856
29	Kechene Chilot	011-126-3490/91	011-126-3492
30	Kotebe	011-647 -5400/645 6275	011-645- 6274
31	Kotebe 02	011-667-6286/6366	
32	Lamberet	011-667- 5431/64/5397	011-667- 5427
33	Legetafo	011-829-0748/637 5076	011-637-5081
34	Megenagna	011-618 -2774/2669	011-618- 2772
35	Megenagna Adebabay	011-667- 3737/3637	011-667 -3799
36	Mehar Arada	011-111 -9226/15/34/1558	011-156- 0883
37	Mukaturi	011-134-0826/89	011-134-0615
38	Piazza	011-111- 9454/2470/1674	011-111 -2254
39	Ruphael	011-259 -1958/1863/1629	011-259- 1971
40	Sanford	011-154-3663/4529	011-154-4645
41	Semen Mazegaja	011-126-3740/011-126-3626	
42	Sendafa Beke	011-638-7456/7782	011-638-7392
43	Sheger	011-155- 8938/157 0047	011-157- 0034
44	Shegole	011-259 -0346/0224/0475	011-259- 0379
45	Sheno	011-687- 0635	011-687- 0500
46	Shewa Robit	033-664-1686/2189	
47	Shiro Meda	011-154-3513/5152	011-154- 3199



No	Name	Telephone No.	Fax
48	Sidist Killo	011-126-1046/54	011-126- 0997
49	Signal	011-667- 2011/65	011-667 -2017
50	Sululta	011-161- 7134/38/46/41	011-161- 7154
51	Traffic Tsihfetbet	011-661- 6454/618 9164	011-618 -8718
52	Wara Jarso	011-187- 0710/04	011-187- 0816
53	Weserbi	011-862- 5503	
54	Wosen sefer	011-668-0065/67	011-667- 8239
55	Yared	011-126-1403/1553	011-126- 0188
56	Yeka	011-667- 4049/68/859 2248	011-667- 3520
57	Yeka Abado	011-872 1957	



## 2. South Addis Ababa Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>011-470-8426</b>	<b>011-470-2826</b>
1	Africa Andinet	0112-73-31-01/02	
2	Africa Avenue	011-371 -6102/6593	011-371- 6594
3	Alemgena	011-557- 0533/34/35	011-557- 0536
4		011-367-9095/64/9122	011-367 -9116
5	Amale IFB	0911-19-19-17	011-631-0632
6	Anfo	0919-19-51-56	
7	Ayer Tena	0911-87-14-22	011-155- 5800
8	Bambis	011-557-6976/73	011-557-6971
9	Beklobet	011-466- 8575/2354	011-416-6878
10	Bu'l	091-024-5038	011-188-0923
11	Bulgaria Mazoria	011-554- 0014/0292	011-554 -0311
12	Burka Wayu (Haile Garment)	011-471- 1861/1021	011-667-9278
13	Butajera	046-115-1028/0705	046-115-0927
14	Dil Gebeya	011-372- 0820/17/18	011-372 -0839
15	ECA Akababi	011-558-9297/8637	011-558- 6478
16	Eihsan		011-154-8081
17	Enderase	011-557-6270/71	011-557- 6273
18	Ertu Lebu	011-471-3530	011-471-3865
19	Finfine	011-557- 0107/0200	011-557- 0113
20	Fitber	011-557 -2149/82	011-557- 2215
21	Furi	011-367- 9087/32/9108	011-367 -9092
22	Genet branch	011-554- 0256/43	011-554- 0033
23	Global Akababi	011-470- 2412/2368	011-470- 1368
24	Gofa Gebriel	011-467-4565/63/67	011-467- 4561
25	Gofa meberat haile	011-470- 3392/78/59/69	011-470- 3393
26	Gofa Sefer	011-465 -3691/466 9811	011-416- 0357
27	Gotera	011-467- 0392/896 3915	011-467 -0576
28	Hana Mariam	011-471-1297/71	011-471-1453
29	Hurbu	011-471-3327/39-24	011-471-3643
30	Jemmo Michael	011-369- 9602/9957	011-369- 8407
31	Kara Girar Sefer	0913-63-41-22	
32	Karl Adebabay	011-384-8004/8154	011-667- 5427
33	Kazanchis	011-557-0756/57/22	011-557 -0683
34	Khidma	0913-10-18-77	011-618- 2772
35	Kirkos	011-554 -7583/81/85	011-554- 7582
36	Kirkos -45	011-470-5606	011-470-5839



No	Name	Telephone No.	Fax
37	Lafto	011-419 -6489/0763	011-419 -6488
38	Lebu	011-471- 2504/38	011-471 -2544
39	Legehar	011-553 -1948/554 77 65	011-551- 0867
40	Lemmon	011-363-03-59/60	011-154-4645
41	Mamulat (IFB)		
42	Manal IFB)	0910-25-59-58	011-638-7392
43	Mehal Gofa	011-467- 1297/ 1574/91	011-467 -1281
44	Mekanisa	011-369-8348/8603	011-369-8325
45	Mekanisa Abo	011-369 0314/27/28	011-369 -0329
46	Meskel flower	011-466- 9393/467 1527	011-466- 9501
47	Mexico	011-557- 2179/2261	011-557 2259
48	Nifas Silk	011-442-0309/08/4679	011-442 -0958
49	Olompia	011-557- 1190/1240	011-557 -1188
50	Sarbet	011-372- 7391/7806	011-372- 7872
51	Saris	011-443-1272/37	011-443 -1358
52	SarisAddisu Sefer	011-440 0153/0675	011-440 -0685
53	Sebeta	011-338 -4101/15	011-338- 4102
54	Stadium	011-515- 6746/5115	011-550- 2920
55	Stadium Zuria	011-531-9102	011-531-9101
56	Temnja yaj	011-416 -2720/16	011-416 -2705
57	Tulu Bolo	011-342-1401/02	011-342-1400
58	Tulu Ejersa	011-471- 1735/13	011-471- 1597
59	Urael	011-554- 0830/31/32/33	011-554- 0836
60	Urael Nigist	011-554-1845/8664	011- 554-3049
61	Wechecha	011-380-4047/48	011-380-4033
62	Weliso	011-341-3473/74	011-341- 3472
63	Wolete	011-380-0157/0057	011-380-3007
64	Wolkite	011-365-8169/8384	011-365-8168
65	World Bank	011-515- 3087	011-515 -0601
66	Yoseph	0114-470-8882/0622	011-470-9056
67	Yusra	0913-49-0331	



### 3. East Addis Ababa Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>011-616-055675</b>	<b>011-663-7538</b>
1	Adey Abeba	011-470 -7708/35/43	011-470 -7742
2	Airport	011-618- 0611/75	011-618- 0171
3	Akaki	011-435 -1672/434-0723	011-434- 3277
4	Akaki Kaliti	011-471 -6440/41	011-471 -6426
5	Akaki-Gebeya	011-471-5431/5159	
6	Akaki-Gelan	011-471- 6503	011-471 6487
7	Beshale Figa	011-667- 7977/7750	011-667- 7885
8	Bole	011-618- 9522/24/26	011-662- 6387
9	Bole 17	011-660-9002/6632	011-660-0682
10	Bole 22 Road	011-662 8015/1686	011-618- 3996
11	Bole Bulbula	011-471- 4321	011-471- 4594
12	Bole Medihanealem	011-667 -0347/51	011-667 -0237
13	Bole Michael	011-639 -2022/05/21	011-639- 2023
14	Bole 24	011-667 3679	011-667 -3618
15	Bulbula 93 Matoria	011-466-2354	
16	Burka Shobe	0936-54-34-86	
17	Camerron Avenue	011-666-2429/2528	
18	CMC	011-667 -5188/55	011-667 5104



No	Name	Telephone No.	Fax
19	Dukem	011-432- 0502/0342	011-432 -0523
20	Edget	011-629 -2526/2108	011-629 -2259
21	Gelan	011-471- 3470	011-471- 3764
22	Gerji	011-647 -6275/76	011-647- 6274
23	Gerji Georgis	011-639 4000/10	011-639 4002
24	Goro Beshale	011-666-0331/668-3482	
25	Gurd Sholla	011-646-1647/1682	011-646- 1231
26	Gurd Sholla Jakros	011-639-5493/648 9244	011-661-7400
27	Harbu Gudo	011-668- 3168/3225	
28	Haya hulet wuha limat	011-660-8443/86 73	011-660-0931
29	Hayahulet Mazoria	011-662-4667/68/618 9938	011-662- 6587
30	Hayat 49 Mazoriahora	0911-30-39-72	
31	Hayat Adebbay	011-639-0305/23	011-639-0314
32	Hayat Arabsa	011-816 0110	
33	Imperial Akababi	011-667-4673/4924	011-667-4838
34	Jakros	011-667-7069	011-667- 6618
35	Kaliti Gebriel	011-471- 7262/15/65	011-471- 7263
36	Kaliti Gumuruk	011-470- 7279/55/63	011-470- 7286
37	Kilinto	0913-14-95-08	
38	Kokeb	011-667-4463	011-667-3802
39	Korea Hospital	011-629- 3836/3543	011-629 -3150
40	Megenagna 22	011-667-3382/3156	011-667-3363
41	Melka Sheno (Tulu Dimtu	011-471- 5646/6890	011-471- 5416
42	Millinnium Akababi	011-661- 0087/6838/5695	011-661-5550
43	Moenco	011-667-4448/20	011-667-4469
44	Rwanda Embassy Akababi	011-614- 6678/6758	011-614- 6640
45	Sallo Gora	011-869 -6464/471 6223	011-471-6197
46	Shalla Akababi	011-667- 3820/22/21	011-667- 3718
47	Summit	011-668-0971/0104	011-668-0148
48	Summit 72	011-639-1151/52	
49	Wollo sefer	011-557-5855/4020	011-557-4324
50	Worku Sefer	011-471-7498/7949/ 7631	011-471-7631
51	Wuha Limat Akababi	011-618 -1200/9021	011-618 -7829
52	Yerer	011-667-7204/56	011-667-7247



#### 4. West Addis Ababa Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>011-530-3002/16/20</b>	
1	Addis Ketema	011-275-8358/57	011-277- 2483
2	Afdal	0112-73-31-01/02	
3	Alem Bank Akababi	011-369- 4504/59/65	
4	Amale IFB	0911-19-1917	
5	Amanuel Total	011-273- 6009/46	011-273- 6032
6	Ambo	011-236- 4174/3377	011-236- 5669
7	Anfo	0919-19-5156	
8	Asco	011-273- 0293/94	011-273- 0295
9	Asco Addis Sefer	011-273- 1631/30	
10	Asrasemint Mazoria	011-279-1444/273 8960/56	011-279 -1364
11	Awtobis Tera	011-273- 4417/26/19	011-273-4410
12	Ayer Tena	0911-87-1422	
15	Bethel	011-349-1268/1304	011-349 -1135



No	Name	Telephone No.	Fax
16	Burayu Keta	011-260-4620/41/54	011-260-4612
13	Burayu Mariam	011-260-4981/31	011-260-4959
14	D'Afrique	011-557- 7067/14	011-557 -7028
19	Dejazmach Balcha Safo	011-530- 3111/10	011-530 3113
17	Dubi-Tera	011-273 -2281/90	011-273- 2282
18	Gefersa Guji	011-260-1852/1679	
20	Gefersa nono	011-260- 1117/32	011-260-1133
21	Geja Sefer	011-557- 6237/44	011-557- 6232
22	Gesho Tera	011-273- 2752/42	011-273-2732
23	Ginchi	011-258- 1172/74	011-258- 1170
24	Gojam Berenda	011-273-3834	011-273-3593
25	Gola Michael	011-126-3498/2201	
26	Guder	011-282-0796/0814	011-282-0801
27	Gullele	011-278 -4926/31	011-278- 4927
28	Gullele pawulos	011-273-7936/35	
29	Holeta	011-261- 0004/31	011-261- 0021
30	Jeldu	011-238-0597/0605	011-238-0582
31	Jemmo	011-348 -4007/6070	011-348 -6270
32	Kachisi	011-215-0530/62	011-215-0586
33	Kara Girar Sefer	0913-63-4122	
34	Kara Kore	011-369- 3069/46	011-369 -3067
35	Ketena 2	011-383-5071/72	011-383-5073
36	Khidma (IFB)	0913-10-1877	
37	Kolfe	011-275- 7235/36	011-277- 3376
38	Kolfe Atena Tera	011-273-9722/9119	
39	Kolfe Likuanda	011-273-9494/9492	
40	Lideta	011-554- 6572/73	011-554- 6571
41	Mamulat (IFB)		
42	Manal (IFB)	0910-25-5958	
43	Mehal Gebeya	011-277- 9472/13	011-277 -9307
44	Mekanisa Kore	011-369- 8567/97	011-369-8395
45	Melka Gefersa	011-384-7658/7864	
46	Merkato	011-277- 1666/275 87 33	011-213 -7136
47	Merkato Arategna Mazoriya	0913-07-8604	
48	Merkato Kagnew shaleka	011-273-4542/12	011-273-4538
49	Merkato Tana	011-273-3598/28	011-273-2994
50	Mesalemiya	011-275-8437	011-278 -8195
51	Mierab Merkato	011-273 -4298	011-273- 4315
52	Mikilliland	011-273 -0341/98/57	011-273- 0426
53	Muger	011-218 0662/0371	011-218-0333
54	Oddo Liban	011-260-9925/6672	
55	Quas Meda	011-276- 0343/45	011-276- 0349
56	Sansusi	011-373- 1940/18	011-373- 1221
57	Sebategna	011-277- 3342/43	011-277- 3270
58	Sengatera	011-557- 6839/75	011-557- 6880
59	Shera Tera	011-273- 5902/54	011-273- 5712
60	Sidamo Tera	011-278 -4118/94	011-278- 4117
61	Tegbare-ed	011-558-6723/9507	
62	Tekle Haimanot	011-278 -9376	011-277 2732
63	Torhailoch	011-369 -1311/1293	011-369- 1208
64	Tulu Boke	011-369-7071/ 7848	
65	Yeshi Debele	011-369-2392	011-369-0627
66	Yusra	0913-49-0331	
67	Zenebework	011-369-7177/78	011-369-7226





## 5. Adama Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>022-212-6651/64</b>	<b>022-111-1382</b>
1	Ada'a	011-433-8900/86	011-433- 8547
2	Adama	022-111- 8585/84	022-111- 5375
3	Adama Ras	022-211-6394	022-211-6393
4	Arerti	022-223- 0561/0664	022-223-0719
5	Arsi Robe	022-242-1765/1406	022-242-0042
6	Assela	022-331-2770/2875	022-331- 5622
7	Awash Sebat Killo	022-224- 0274/79	022-224- 0251
8	Batu	046-441- 2210/52	046-441- 2211
9	Bekoji	022-332-0655	023-332-0080
10	Berecha	022-112 -0481/05	022-112- 7867
11	Bishoftu	011-433- 5382/44	011-437- 0420
12	Boku Shanan (Adama)	0912-94-05-47	
14	Boset	022-111 -9027/28	022-111 -9029
15	Bote	022-115- 0503/04	022-115- 0542
16	Chefe Donsa	022-451-05-10	022-451-05-14
17	Chilalo	022-331- 8274/7576	022-331- 8277
18	Cholle	022-454-0561/ 62	
19	Dembela	022-110 -0621	022-110- 0622
20	Dembi	011-430-0563/64	011-430-0569
21	Dera	022-333-0000/09	022-333-0927
22	Derartu Adebabay	022-211- 6926	022-211- 5733
23	Eteya	022-335-0489	022-335-0818
24	Ganda Gara	022-212-1903/48	022-212-2339
25	Gobessa	022-446-0657	022-446-0657/93
26	Gololcha	0910268137	
27	Huruta	022-334-1233/32	
28	Kechema	022-111- 8302/06	022-111- 8303
29	Kersa	022-337-0770/71	022-337-0769
30	Koka	022-499-0192/0205	022-459-0192
31	Meki	022-118 -0044/08	022-118- 0740
32	Metehara	022-226-1213/1311	022-226-1317
33	Modjo	022-116- 0355/0286	022-116- 0473
34	Noor (IFB Adama)	022-111-2779	
35	Olenchiti	022-113-1111/10	022-113-1171
36	Sagure	0910-40-06-76	
37	Sar Tera	022-212-0414	022-212-0408
38	Siltana	0910-76-01-21	



## 6. North Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>034-241-6522/9241</b>	<b>034-241-6369</b>
1	Adihaki	034-240-2034/1862	034-240-2546
2	Adigrat	034-445 -0330/0469	034-445 -0348
3	Alamata	034-774- 0782/35	034-774-0597
4	Axum	034-275-9490/7161	034-275-0477
5	Bati	033-553-2272/1808	
6	Buanbua Wuha	033-311- 9898	
7	Dessie	033-111-2829/34	033-111- 2839
8	Edaga Hamus	034-773-0739/0795	034-773-0652
9	Edaga Mekele	034-240-5313/35/04	034-240-5287
10	Elala		



No	Name	Telephone No.	Fax
11	Godana Selam	034-440 -7044/6996	034-440-6997
12	Huda	0931-15-14-36	
13	Humera	034-448- 1472	034-448 -1471
14	Jibruk	034-440- 4552	034-440 -4579
15	Kemise	033-554-1450/43	033-554-1447
16	Kobo	033-334-1312/1310	033-334-1336
17	Kombolcha	033-551- 0839/77	033-551-0792
18	Lalibela	033-336- 1335/1410	033-336-1286
19	Logiya	033-550- 0060/75	033-550-0050
21	Meda Agame	034-245-4317/8718	
22	Mekaneselam	033-220-1106/26	
23	Mekele	034-241- 5212/45	034-241- 8966
24	Mersa	033-333-1036/46	
25	Mugad	033-312-6358	034-312-1140
26	Sekota	033-540- 5420/19	
27	Semera	033-366- 2813/4885	
28	Shire Endeselasse	034-444 -0590/1238	034-444 -0594
29	Tossa	033-312-5612/7994	
30	Woldiya	033-331- 1693/2579	033-331- 2619
31	Wukero	034-443- 0496/02	034-443- 0238



## 7. North West Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>058-320-4168/2847</b>	<b>058-320-3148</b>
1	Abay Mado	058-321-2081/3197	058-321-0110
2	Azezo	058-114 -1222/1163	058-114 -0879
3	B/Dar Ghion	058-320-9510/9692	058-320-8986
4	Bahir Dar	058-220- 0671	058-222 -1147
5	Bichena	058-665- 1580	
6	Bure Damot	058-774-1073/1148	058-774-1196
7	Chagni	058-225 -0458/0179	058-225 -0532
8	Dangila	058-221-1820/1731	058-221-2143
9	Debre Markos	058-771-2328	058-771- 4225
10	Debre Tabor	058-141- 0303/46	058-141-0355
11	Este	058-447 16 98	058-447-16-18
12	Fasiledes	058-211 46 21	
13	Fenote Selam	058-775-2113/14	058-775-2115
14	Ginde Woin	0918-59-7298	
15	GishAbay	058-226- 6467/3863	058-222- 0073
16	Gonder	058-111- 4867	058-111-8044
17	Injibara	058-227- 0807/09	058-227- 0804
18	Jawi	058-278- 0401/02	058-278- 0403
19	Kidame Gebeya	0922-71-0665	
20	Kuch	058-289-0445/46	
21	Mambuk	058-263-05-67	
22	Maraki	058-211 -5081/57	058-211- 5062
23	Merawi	058-330- 0988/0969	
24	Metema Yohannes	058-555- 5651	058-555- 5509
25	Motta	058-661-1974/2074	
26	Tana (B/Dar)	0905-20-9111	
27	Tilili	0912-90-8010	
28	Woreta	058-446-1641/1491	
29	Zembaba (B/Dar)	058-320-6924	





## 8. South Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>046-212-6160</b>	<b>046-212-6702</b>
1	Abaro	0912-99-87-04	
2	Abosto	046-211-5077	046-211-5058
3	Adaba	022-663-1222/65	022-663-1258
4	Adola Weyu	046-335-0059/0607	046-335-0220
5	Alaba Kulito	046-556-0124	046-556-0109
6	Alamura	046-212-70-96/63-08	
7	Aleta wendo	046-224-0588	046-224-0630
8	Amanah (IFB Halaba)	0920-06-88-97	
9	Arbaminich	046-881-2992	046-881-4605
10	Areka	046-552-1321/20	
11	Arsi Negele	046-116-0127	046-116-0877
12	Asasa	022-336-0845	022-336-0819
13	Awasho	046-211-7422/5535	046-211-9840
14	Bale Robe	022-665-1700	022-665-1975
15	Bani (IFB Shashemene)	046-446-0197/211-1865/4998	
16	Bansa Daye	046-337-0637/0638	
17	Berekah (IFB Shashemene)	0910-04-20-20	
18	Bodeti	046-559-0965/10-00	
19	Bule Hora	046-443-0121	046-443-0935
20	Dalo Mena	022-668-0039/21	022-668-0540
21	Dilla	046-331-0370/43	046-331-4107
22	Dodola	022-666-0474/77	022-666-0429
23	Dolo Oddo	046-449-0414/0377	
24	Durame	091-014-1616	
25	Garö (Arba Minch)	091-610-3150	
26	Gasera	011-557-0163/30	
27	Ginir	022-664-0065	022-664-0449
28	Goba	022-661-2613/2929	022-661-4927
29	Gombora	046-178-67-57/8817	
30	Haro Welabu (Dilla 2nd)	046-131-0445	
31	Harufa	046-110-0335/0610	046-110-0543
32	Hawassa	046-220-4819/4722	046-220-4751
33	Hawassa Arab Sefer	046-212-3849	046-212-4811
34	Hawassa Menaharia	046-212-4021/4162	046-212-3621
35	Hosaena	046-555-0684	046-555-0694
36	Jara	0913-11-1053	
37	Jinka	046-115-1862/00	046-775-1859
38	Kercha	046-324-2008	046-324-2004
39	Kofele	046-112-0978/0869	
40	Meda Welabu	022-244-2068	
41	Mena IFB WERABE	046-771-0875/44	
42	Moyale	046-444-1791	047-444-1401
43	Negelle	046-445-2193/90	046-445-2192
44	Sawla	046-777-1662	
45	Shakiso	046-334-1399/1193	046-334-1348
46	Shashemene	046-110-6525	046-110-0014
47	Shinshencho	046-339-0850/64	046-339-0874
48	Shone	0916-69-67-52	
49	Sofomer	022-665-2525/3117	022-665-0043
50	Tabor	046-212-0034/56	046-212-0068
51	Tona	0920-64-60-79	



No	Name	Telephone No.	Fax
52	Warabe	046-771-0600	046-771-0588
53	Wolayeta Sodo	046-551- 0743	046-551- 0706
54	Wondo Basha	046-222- 0427/0515	
55	Yabello	046-446 -0887/0197	046-446- 0311



## 9. East region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>025-411-8016</b>	<b>025-411-1546</b>
1	Afatessa	025-411-0395/88	025-411- 0390
2	Awedaye	025-662 -0561/66	025-662-0593
3	Babile	025-665-0607/0614	025-665-0667
4	Bedessa	025-555-0151/0057	025-555-0169
5	Berwako (IFB) Jigjiga	0911-81-96-28	
6	Boke	025-230- 0711/0469	
7	Chelenko	025-335- 0586	025-335- 0708
8	Chiro	025-551-1121/1021	025-551- 1022
9	Deder	025-333- 1299/68	
10	Dire Dawa	025-111-4042/80	025-111- 4046
11	Filtu	046-473-0538/48	
12	Gelemso	025-552- 1328/14	
13	Gode	025-776-1089/1504	025-776-1695
14	Grawa	025-334-0579/31	
15	Harar	025-667-0760/666-0616	025-667- 0287
16	Harar Arategna	025-466-2707/8534	025-466-9859
17	Harar Hundene	025-466-94-86	
18	Haromaya	025-661-0467	025-661-0431
19	Hirna	025-441-1251/52	025-441-1253
20	Huda(IFB)	0931-15-14-36	
21	Jigjiga	025-775- 2548/6588	025-775- 2072
22	Kali	025-278 -0270/94	025-278- 0261
23	Kezira	025-211-5222/3760	025-211-0883
24	Lega Odda	025-211-5360/8440	
25	Mechara	025-557- 0561	025-557 -0563
26	Nahar (IFB D/Dewa)	0915-12-58-25	
27	Sabeen Sefer	025-112- 4879	025-111- 2133
28	Togochale	025-882- 0131	025-882- 0217



## 10. West Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>057-660-1263/64</b>	<b>057-660-1260</b>
1	Aba Sena	057 771-2484	
2	Amuru	057-639-0636	
3	Anger Gute	057-634-0249	057-634-0328
4	Assosa	057-775- 1652	057-775- 1741
5	Ayira	057-577-0698/38	057-557-0555
6	Baco	057-665- 1465/21	057-665 -1494
7	Bambasi	057-441-0677/0734	057-441-0654
8	Begi	057-641- 0441	057-641-0462
9	Burka Jato	057-660-8129/27	
10	Chomen Guduru	0910-08-98-79	
11	Dembi Dollo	057-555-2333/1651	057-555 -1277
12	Ejaji	057-550-0612/0602	057-550-0565



No	Name	Telephone No.	Fax
13	Fincha	057-664- 0151/0069	057-664- 0041
14	Gedo	057-227-0159/0070	057-227-0500
15	Ghimbi	057-771- 0066/0342	057-771- 1022
16	Gida Ayana	057-773- 0691/56	057-773- 0676
17	Gidami	057-780-0800/01	057-780-0802
18	Gudatu Arjo	057-116-0617/0660	057-116-0666
19	Guduru	057-663-0610/11	057-663-0571
20	Guliso	057-778-0278/81	057-778-0286
21	Haro Sabu	057-556-0574/0622	057-556-0831
22	Hora Fincha	0928-6827-95	
23	Jerdaga jarte	057-637-0476	
24	Jimma Arjo	057-667-0515/31	
25	Jimma Rare	0920-69-70-91	
26	Kamashi	0911-59-84-96	
27	Leka	057-661-1433/02	057-661- 1439
28	Mendi	057-776 -0906/07	057-776- 0910
29	Mugi	057-779-0655/0533	057-779-0844
30	Nafi'i IFB (Nekemte IFB)	0911-26-33-32	
31	Nejo	057-774- 0492/0287	057-774- 0345
32	Nekemte	057-661- 7092/90	057-661- 5474
33	Nole Kaba	057-632-0662/0714	057-632-0606
34	ODA	057-660-0920/1370	057-660-3256
35	Oda Buluk	022-113-1111/1033	022-113-1171
36	Shambu	057-666- 0142/39	057-666- 0152
37	Sibu Sire	057-668- 0921/0917	



## 11. South West Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>057-660-1263/64</b>	<b>057-660-1260</b>
1	Aba Jifar	047-211-1733/2794	
2	Ababuna	091-080-5293	
3	Agaro	047-221- 1746	047-221- 1841
4	Bedele	047-445 -0865/1097	047-445- 0173
5	Bonga	047-331-1865/0691	047-331-2323
6	Chora	047-337-0706/05	
7	Gambela	047-551-1814/67	047-551- 1869
8	Gambela New Land	047-151- 5279/3850	047-151- 0352
9	Gera	091-897-9090	
10	Gomma	047-221-5347/48	
11	Hirmata	047-211-0035/33	047-211-0044
12	Jimma	047-111 -2189/5976	047-111- 9412
13	Jiren	047-211-3708	
14	Limmu Genet	047-224-0752/20	
15	Masha	047-452-2651/53	
16	Mettu	047-441- 2648/34	047-441- 4165
17	Mizan Teferi	047-135-9138/89	047-135-1879
18	Pugnido	047-465-0391/0699	
19	Shebe	047- 1180789/75	
20	Shenen Gibe	047-211- 7624/6693	
21	Tepi	047-556-3489/66	047-556-2506
22	Yayo	047-333- 0765/51	
23	Yebu	047-226-0485	047-226-0560



## 12. Head Office Branch

No	Name	Telephone No.	Fax
1	Head Office Branch	011- 662-0303 /0985	