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AwashBank

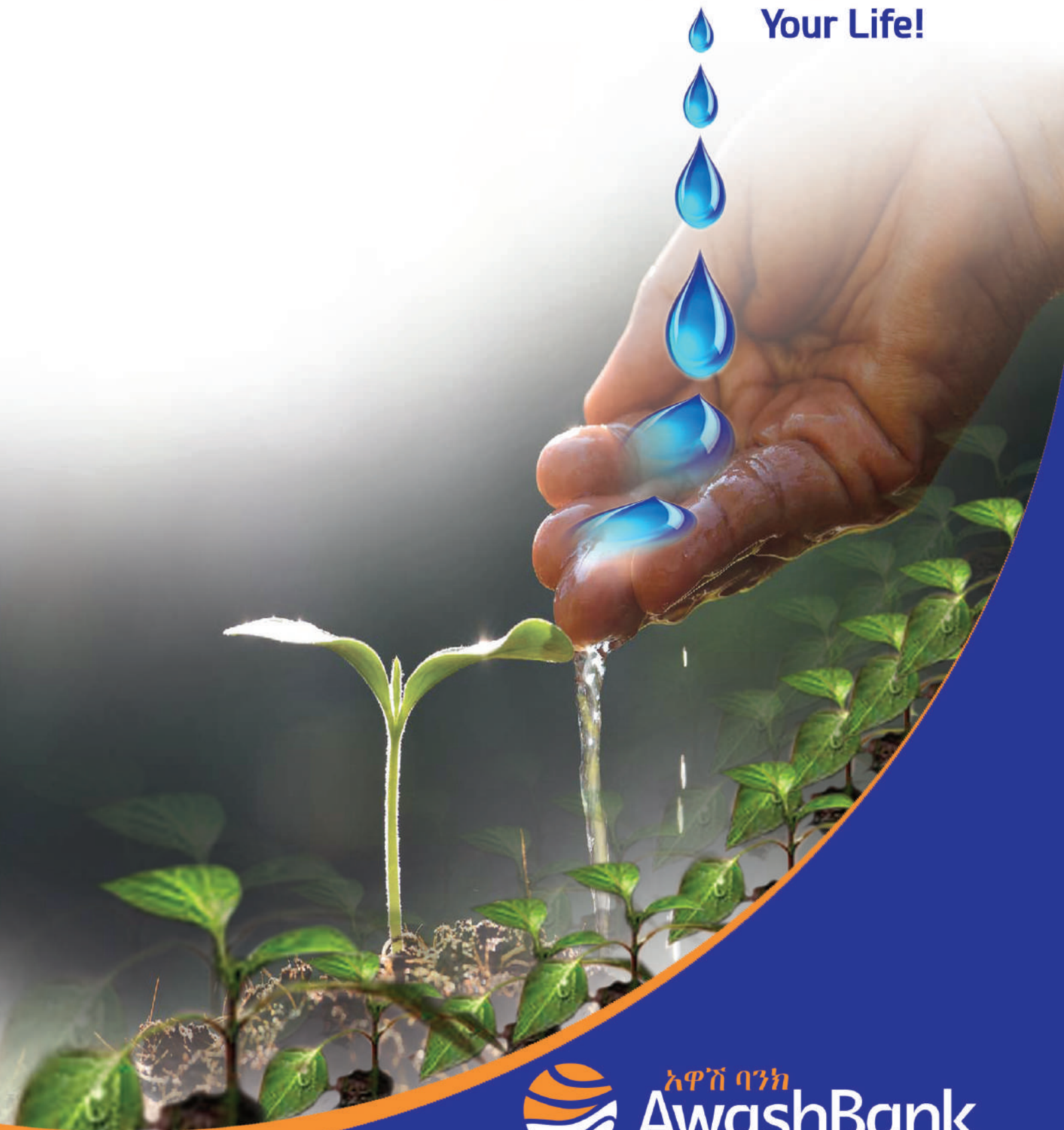
Nurturing Like the River



ANNUAL
REPORT
2020/21

The Bank that
NURTURES

Your Life!



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AwashBank
Nurturing Like the River



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AwashBank
Nurturing Like the River

**ANNUAL REPORT
FOR FINANCIAL YEAR ENDED
30 JUNE 2021**



Vision

"To be the First Choice
World Class Bank."

1

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."

2

CORE VALUES

- A- Accessibility
- W- Wisdom
- A- Accountability
- S- Socially Responsible
- H- Honesty

3

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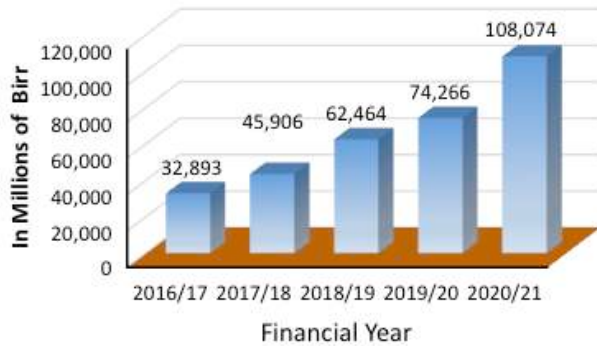
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Highlights of Major Performances

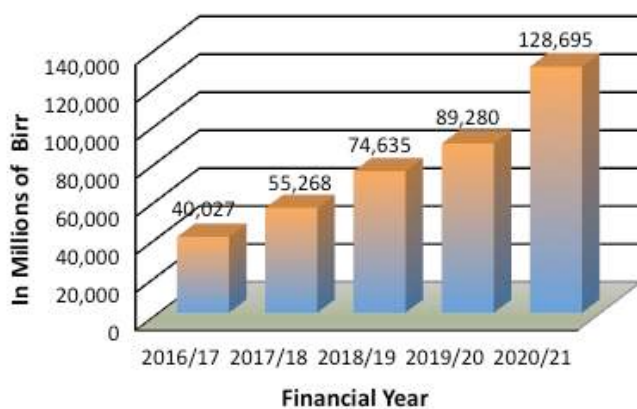
Deposit



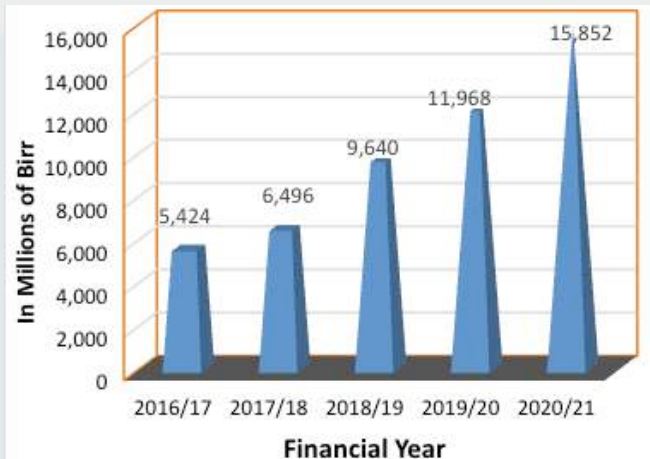
Loans and Advances



Total Assets



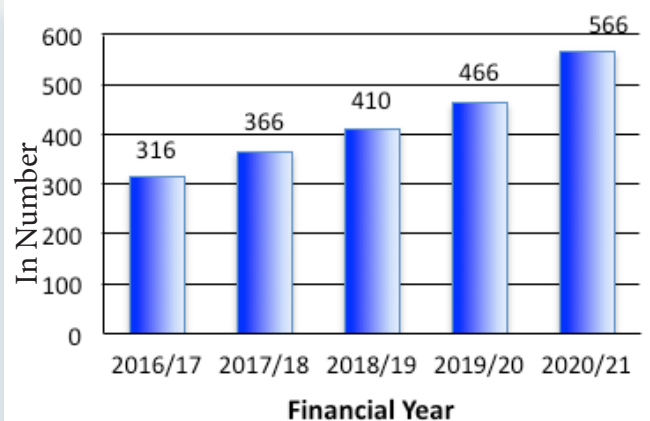
Capital & Reserve



Profit before Tax



No. of Branches



RESPONDING TO CHANGING LIFE



Online Banking



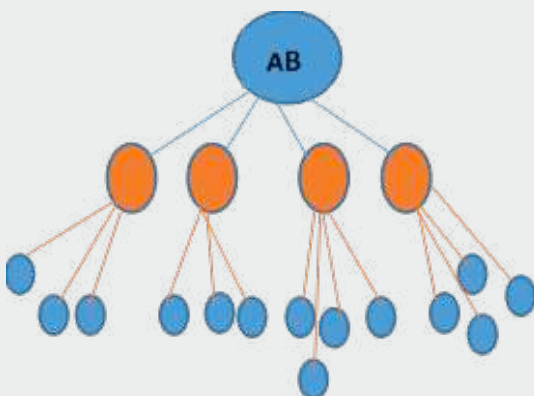
Mobile Banking



565 ATMs



1,406 POS Terminals



566 Branches



104 Banking Agents

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

Distinguished Shareholders, Stakeholders, Honorable Guests, Ladies and Gentlemen!!

It is my honor and great pleasure to welcome you all, on behalf of the Board of Directors and on my own behalf, to the 26th Awash Bank's Shareholders' Annual General Meeting (AGM) of the FY 2020/21. I would also like to extend my heartfelt appreciation to our valued Customers, dedicated Management Members and all hard working Employees of the Bank for their continued trust, unshakable backing and commitments delivered to our Bank all the years that enabled the Bank to register yet again another shining result in all spheres of its operational activities during the FY 2020/21. Moreover, it is my strong belief that your multifaceted support will continue to make your Bank to remain the pioneer leading private bank in the country during the coming years.

The FY 2020/21 was the year of full of challenges and uncertainty to the country in general, and to the banking industry in particular. Some of the challenges were the elevated political instability in some parts of the country, inflation, impact of COVID-19 pandemic on the economy and stiff competition among the different banks. In spite of these considerable hurdles and challenges, however, Awash Bank operated efficiently and once again has recorded a commendable performance and a unique result of its kind during the FY 2020/21. It is also important to mention that the Bank's annual achievement was by far greater than the cascaded yearly target planned to be implemented, on the fifth year of the Ten Years Strategy Transformation of the Bank's "Vision 2025 Project".

Through its past experiences, Awash Bank showed a continued progress in building a stronger and safer Bank that is capable of



Ambassador Dr. Dibaba Abdeta
Chairman

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 its owners.

The accomplishment of the Bank as at June 30, 2021 on its major operational activities is exceedingly higher when compared with the performances of the preceding year. Accordingly, during the year under review, the aggregate deposit increased by 46% and reached Birr 108.1 billion, loans and advances surged by 52.8% and reached Birr 87.5 billion, income escalated by 34.6% and stood at Birr 13.7 billion and the gross profit grew by 34% and reached Birr 4.8 billion. The gross operating profit registered during the year in particular, is unique of its kind in the history of the private banks and the history of Awash Bank itself, reflecting the underlying strengths of the AB's business.

The increments registered in the major performances of the Bank in general, and that of 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 in the resource mobilization activities and also the continuous hard work applied in the collection of loans and advances, as a

result of which the status of Non-Performing Loans (NPLs) has remained less than 2% as at end of June 30, 2021. In general, the registered significant performances of the Bank were the sum of the wise guidance of the Board of Directors, the prudent and coordinated quality leadership of the Senior and Middle-Level Management Members as well as the unreserved commitment of the entire staff of the Bank who deserve commendations of the Board.

Likewise, it is believed that the efforts made and the fast-track actions taken by the Board during the year for fundamental changes & ensuring sustainable & profitable growth through excellence in operation, technology & ultimately customer experience has contributed to the success of the Bank out of which the following major points are to be mentioned:

- The approval of the new organizational structure of the Bank, which composes a wide range of additional new positions, including Chief Officers, D/Chief Officers, Directors, D/Directors and Division Managers;
- The approval of the new salary scale, that is commensurate with the growth level of the Bank and that helps to maintain its own staff and also attract others from the market;
- Recognition of the Senior & Middle Level Management Members and outstanding employees of the Bank;
- Reducing the interest rate charges on the staff loans (for the purchase of houses, vehicles and others) to the minimum savings deposit interest rate level of 7% and
- The approval of essential policy matters and the encouragement made in the branch expansion and introduction of new Information Technology products.

Awash Bank also engages in many different project activities, namely, IT Projects, Strategy Development Projects and the Construction of own Building Projects.

Regarding the IT Projects, considering the fact that the banking sector has become increasingly tech-driven, the Bank has been focusing on vendor related IT Projects and internally developed systems & solutions by the IT staff of the Bank. Through both ways the Bank is improving the status of adapting & implementing modern Information Technologies.

The Strategy Development Projects include, among others, the development of Digital Financial Services Strategy, SME banking Strategy and PMS. As for PMS implementation, after developing the PMS guidelines in-house, the Bank cascaded it at all levels of the Bank and the project is now fully implemented at Branches and the Head Office levels.

In an effort to strengthen its asset base, and to ensure long term and sustainable growth, the Bank focused on the construction of its own buildings at different strategic areas. The Bank has already built image representing buildings at some Regional Towns, including the two buildings in Addis Ababa City. The third building in Addis Ababa City is the 13-storey Bulbula Mixed-use Building, the construction work of which has now reached 8th floor. Furthermore, the Bank has acquired plots of land both at Bale Robe and Asella Towns and their construction works are in good progress. In addition, with the desire to construct its own new Head-Quarters Building in proportion to its image and size, Awash Bank is looking for the provision of favorable construction site, particularly at the financial institutions zone, around the National Theatre area. The Addis Ababa City Administration has approved and promised the Bank to handover an ideal place and it is hoped that the handing over of the plot of land would materialize during the FY 2021/22. Side by side, the Bank is also making continuous efforts to buy built up buildings for its branch operations.

Concerning the Human Resource Management, the Board believes that having an engaged & motivated workforce & a sound governance & risk management are pivotal to attain the sustainable growth and the vision that the Bank aspires for, which is to be "One of the Top Ten East African Banks". In this regard, the Human Resource Management Policies and Procedures of the Bank were revised to enable attracting, motivating and retaining qualified and skilled manpower. To make it practical, steps were taken

to improve manpower efficiency, focusing on optimizing the existing resource through internal job postings, transfers and skill development/capacity building initiatives.

The nature of the business also requires massive re-skilling of the existing workforce and continuous skill upgrading through in-house or outsourced trainings. With this in mind, the Bank has organized and implemented short-term trainings for its staff inside and outside the country and also sponsored certain number of staff to pursue higher education at different levels during the year under review.

I want to stress at this point that the Board and the Management are courageous to work hard during the financial year 2021/22, in spite of the continuing fierce competition amongst the Banks and the persistence of the impacts of coronavirus pandemic. The Board is also fully confident that Awash Bank shall remain the leading Private Commercial Bank in the country. In addition, given the dedication of the Board, the commitment of the Management Team, the competency of the entire employees and the results registered to date, the attainment of its grand vision of becoming "World Class Bank" is also inevitable!

The Bank continues to deliver on its strategic commitments, which drive the operational performances and create value for the Shareholders as well as the communities at large. Both the Board and the Management are determined and dedicated as before to combine their skills and energies and have begun registering yet another superior performance to maintain AB's leading position amongst the private banks of the country.

On top of its corporate objectives, the contribution of the Bank to the growth of the National Economy and the wellbeing of its citizens during the year is conspicuous as observed from the annual tax paid, the financial contributions made for the national development projects of the country (Gebeta Lehager), the bond purchase made in support of the construction of the Grand Ethiopian Renaissance Dam (GERD) and the corporate social responsibilities fulfilled to different organizations working on social & developmental activities.

In conclusion, on behalf of the Board of Directors, I want to once again express my sincere gratitude to all Shareholders, Customers, Business Partners and other Stakeholders for their unwavering and indispensable support of the Bank's efforts. My special thank goes to the relevant authorities, management members and the entire employees, for their passion and commitment, belongingness and hard work to upswing their Bank, in delivering commendable results and enabling the Bank to maintain its pioneer leading position among the private commercial Banks in the country.

I would like to commend the National Bank of Ethiopia (NBE) for providing our Bank a constructive guidance and enthusiastic support. I also wish to thank Awash Bank's customers for working with us and the confidence they have on our Bank. Moreover, I look forward to their continuous commitment to work with the Bank in the future to come.

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 vigilantly withstanding the challenging environment.

Thank you,

EXECUTIVE MANAGEMENT



Tsehay Shiferaw
Chief Executive Officer



Yohannes Merga
Chief Information Officer



Tadesse Gameda
Chief, Wholesale Banking Officer



Henock Tessema
Chief, Retail & SME Banking Officer



Tilahun Geleta
Chief, Finance & Facilities Management Officer



Abebe Deressa
Chief, Corporate Strategy Officer



Dessalegn Tolera
Chief, Credit Operation Officer





Abebe Tadesse
Director, Corporate Banking
Directorate



Beyene Dekeba
Director, IT Infrastructure
Directorate



Berhanu Balcha
Director, Finance Management
Directorate



Dereje Getachew
Director, Business Banking
Directorate



Desalegne Assefa
Director, Transformation & Change
Management Directorate



Ebisa Deribie
Director, Marketing & Communication
Directorate



Ephrem Bogale
Director, Personal & SME Banking
Directorate



Fikru Gebrewold
Director, Construction Project and
Property Admin. Directorate



Gachio Warra
Director, Portfolio Management
Directorate



Gutema Tesfa
Director, Information Security
Directorate



Hailu Maskala
Director, Learning & Talent
Development Directorate



Hailu Woldegebriel
Executive Assistant to the
CEO



Kelemu Amha
Directorate, Mobile, Agent & Internet
Banking Directorate



Lemessa Bulti
Director, Internal Audit
Directorate



Lemi Furgassa
Director, Credit Analysis &
Appraisal Directorate



Melkamu Tadesse
Director, Card Banking
Directorate



Mohammed Kedir
Director, IFB Finance &
Investment Directorate



Nurfeta Legesse
Director, System Development &
Customization Directorate



Olani Tabor
Director, Import & Payment
Service Directorate



Samson Hussein
Director, IFB Operation &
Supervision Directorate



Solomon Jebessa
Director, Strategy Implementation &
Monitoring Directorate



Soressa Alemu
Director, Procurement & Supplies
Management Directorate



Takele Arega
Director, Legal Services
Directorate



Tegene Tesfaye
Director, Institutional Banking
Directorate



Teklu Wodajo
Advisor to the CEO



Tesfaye Seifu
Director, IT Service Management
Directorate



Tewodros Hailu
Director, Strategy Initiation
Directorate



REGIONAL OFFICE DIRECTORS



Aweke Shegu
Director, West Region



Kebede Daba
Director, South Addis Ababa
Region



Merga Atnafu
Director, Adama Region



Meseret Ambelu
Director, North West Region



Tadele Alemayehu
Director, North Addis Ababa
Region



Teferi Bekele
Director, West Addis Ababa
Region



Tilahun Dejene
Director, East Addis Ababa
Region



Tusi Mendo
Director, South Region



Wegayehu Teshome
Director, East Region



Yirga Yigezu
Director, South West Region



Zelalem Amsalu
Manager, Head Office
Branch



Zelalem Bekele
Director, Wolayita Region

CHIEF EXECUTIVE OFFICER'S STATEMENT

First of all, on behalf of the entire Management of Awash Bank and on my own behalf, I would like to commend my heart-felt gratitude to all respected Shareholders, dedicated Board of Directors, most valued Customers, committed and hard-working Management and staff members as well as all other stakeholders of the Bank on a remarkable achievement our Bank has recorded in all financial and non-financial parameters for the financial year ended June 30, 2021.

The financial year just ended was undeniably very challenging. The novel coronavirus (COVID-19), which was declared by the World Health Organization (WHO) as a global pandemic, has still persisted and continued to be a concerning health problem world-wide. Its economic, political, social and cultural ramifications on the well-being of societies across the globe have been unparalleled and the negative effect of the pandemic is still undesirably restrictive to almost all countries of the world. The Domino Effect of the health crisis has resulted in economic and social crisis although the effect was progressively recovering this year as compared to the preceding year.

In general, the coronavirus has far-reaching consequence and as a result, business could not be as it used to be. Many economic sectors have been hard hit and our Bank has put in place some ameliorating mechanisms so that the destructive situation on business could somehow be managed and our customers would be able to sustain their business.

Apart from the above, instability in some parts of the country and outbreak of war in the Northern Region has resulted in closure of branches and this has seriously affected our business.



Tsehay Shiferaw
Chief Executive Officer

A number of new banks, both conventional and interest free, were either under formation or officially commenced operation during the year. Some credit and saving share companies have also graduated from micro-finance institutions (MFIs) to a full-fledged commercial banks and started to become major players in the field. This has tightened the existing stiff competition among local banks for resources, both local and foreign.

The 30% foreign currency surrender requirement, which is still in place, has been eroding the foreign currency stock balance of the Bank and this has also been among the serious challenges encountered during the financial year.

In spite of the above challenges, however, the following opportunities were available on the other side and our Bank was able to take advantage of same to the fullest extent possible.

1. Despite COVID-19 pandemic and instability in some parts of the country, the Foreign Direct Investment (FDI) secured and the commodity export performance of the country for the year just ended was

commendable as compared to last year same period. As a result, the foreign currency earned by our Bank, nearly USD 902 Million, was better this year as compared to last year same period, which was USD 869 Million. This was an increment of USD 32 Million, or 3.8%.

2. The National Bank of Ethiopia issued Directive No. CMD/2/2020 on Legal Tender Currency Notes Redemption on September 14, 2020. The currency redemption has gone and concluded extremely well and our Bank was able to mobilize a good sum of resources. A good number of new accounts has also been opened as a result.
3. As per the decision of the Board, 50,400 shares, worth Birr 50.4 Million, have been awarded to Senior Management, Middle Management and selected Branch Managers and this has greatly fortified the moral and belongingness of the awardees. Thanks to the Board, the remarkable performance of the Bank for the year just ended was a cumulative effect of this decision also,
4. According to African Business, "Africa's Top 100 Banks 2020", Awash Bank stood 90 out of a total of 100 and 14 from East African banks. No East African banks have managed to gain a place in the Top 10 of the overall ranking of Africa's Top 100 banks in 2020. This has greatly enhanced the image of the Bank,
5. World Savings Banks Institute (WSBI) welcomed six new members at its recent Board and General Assembly and Awash Bank was one of the newly accepted members.

The WSBI helps members to boost their business development efforts, promote members' best practices, transfer knowledge among members and foster cooperation. No doubt, being a member of the group will enhance the reputation of our Bank in the times to come.

These being the available opportunities, with a concerted effort of all, our Bank has performed

extremely well in all parameters in the financial year just ended as can be seen below.

Gross profit before tax stood at Birr 4.8 Billion from Birr 3.6 Billion of last year same period; i.e. Birr 1.2 Billion or 34% growth. This is the highest performance ever registered in the history of our Bank.

Following the Shareholders' decision at the 16th Extra-ordinary Meeting 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 8.19 Billion from Birr 5.85 Billion of last year same period; that is, an increment of Birr 2.34 Billion or an increase by 40%. Reflecting the surge in paid-up capital, earning per share (EPS) has modestly declined to 470 in FY 2020/21 from 510 in FY2019/20 for a par value of Birr 1,000 which, I believe, is still very lucrative and encouraging to the shareholders.

As a result of enhanced operation, inflationary situation for goods and services, opening of 100 new branches and unexpected costs in connection with the prevention of the spread of coronavirus (COVID-19), total expense of the Bank has gone up from Birr 6.61 Billion in 2020 to Birr 8.92 Billion in 2021. Of the total expense items, personnel expense, interest expense, and other operating expenses took the highest share in their order.

Total deposit as at June 30, 2021 stood at Birr 108.1 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 33.81 Billion or an increase by 46% in 2021.

Total asset drastically grew from Birr 89.30 Billion in 2020 to Birr 128.70 Billion in 2021; i.e., a growth of Birr 39.40 Billion or 44%, and that is the highest figure registered by all standards. Loans and advances took the biggest share of the total asset accounting 67% of the total asset of the Bank. NBE bills accounted for Birr 9.92 Billion or 7.7% of the total asset, but this is being redeemed at maturity, which will enhance the liquidity position of the Bank.

The NPLs ratio as at June 30, 2021 stood at 1.9% and this was by far 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 but all possible effort will be exerted to maintain it at the lowest possible limit.

The total number of branches of the Bank as at end of June 2021 reached 566.

In general, the financial year 2020/21 was blossoming in many aspects and the major success stories were the following:

1. For the fifth time, our Bank has successfully achieved all the targets set in the Grand Strategy. Hence, our journey framed five years ago to **"Become One of the Top Ten East African Commercial Banks by the Year 2025"** is expected to be attainable,
2. The Core Banking Upgrading project has gone live as of March 1, 2021. At this juncture, I would like to extend my gratitude to all IT teams and support staff for the work well done and that their commitment in making it a successful project is praiseworthy,
3. The Revised Organizational Structure of the Bank has been deliberated, approved and implemented since the second half of the year,
4. The Performance Management System (PMS), which is internally developed for the planning, rewarding, capacity development and staff motivation, has been successfully implemented in the financial year. As a result, the rewards conferred to all staff members at the end of the year was based solely on their performance evaluation results,
5. The deposit balance of our Bank exceeded Br. 100 Billion mark as on June 17, 2021. This was the first of its kind in the private banking industry, and
6. The newly established regional offices named Wolayita Sodo Region and Dessie Region have become operational during the year.

Despite the above success stories, however, the year ahead is expected to be challenging. Banks are especially expected to be challenged with the following objective realities:

- i. The situation of peace and stability in some parts of the country and the war in the Northern Region,
- ii. The prevalence of the new version COVID-19 pandemic and its serious impact on doing business,
- iii. The stiff competition among existing and new banks for deposit, both local and foreign, and the 30% foreign currency surrender requirement,
- iv. Country-level double-digit inflation rate for food and non-food items, which is expected to escalate the expenses of the Bank etc...

I'm, however, very optimistic and of the opinion that things will get better as time passes by and Awash will keep on doing even better to satisfy the interests of its stakeholders.

Taking this opportune moment, I would like to extend my sincere appreciation once again to our valued customers for their loyalty, and committed Management and strong staff members for the remarkable performance registered in 2020/21.

At the end, I would also like to thank all Shareholders, Board of Directors, our Correspondent Banks, Federal and Regional Government Offices and especially the National Bank of Ethiopia and Financial Intelligence Center for their relentless support, advice and guidance in our day-to-day activities. Thank you all!

May God bless us and our country!

PICTORIAL PRESENTATION OF SHAREHOLDERS' MEETING



Partial view of 25th Ordinary Shareholders' Meeting, November 28, 2020



Board of Directors in Group

PICTORIAL PRESENTATION OF MANAGEMENT MEETING, 2020/21



Partial view of Management meeting, 2020/21

REPORT OF THE BOARD OF DIRECTORS

Awash Bank's Board of Directors is pleased to present the Annual Report and the Audited Financial Statements of the Bank for the financial year ended June 30, 2021 to the 26th Annual General Meeting of its respected Shareholders.

Awash Bank continues to deliver superior operational and financial performances among private banks operating in Ethiopia, further cementing its leading position in key performance areas such as total deposits, loans and advances, total assets, capital base and profit.

The recovery of global economy from the negative impacts of COVID-19 pandemic in 2020, conducive policy environment pursued by the Ethiopian Government and the executions of innovative and tailor-made strategy by the Bank has greatly helped for the impressive performances recorded by Awash Bank during FY 2020/21. On the other hand, double digit inflation for food and non-food items, foreign currency shortage as witnessed by widening of the gap between the parallel and the official exchange rates and prevalence of internal conflicts in some parts of the country were the major macro-economic challenges observed in FY 2020/21.

During financial year 2020/21, the National Bank of Ethiopia has taken various reform measures that have directly or indirectly boosted the operational and financial performances of banks. These include, among others, introduction of cash withdrawal limit for individual persons and companies, redemption of the legal tender currency Birr notes of 10, 50, and 100 and introduction of new Birr 200 denomination; and continuation of the waiver of the obligatory NBE bills purchase.

1. OPERATIONAL PERFORMANCES

Awash Bank registered commendable operational results during the period under review, indicating on-track move of the Bank towards attaining its aspiration of becoming "One of the Top Ten Private Banks in East Africa by 2025".

1.1. DEPOSITS MOBILIZATION

Total deposits of the Bank, including L/C margin and deposits from Interest Free Banking (IFB), grew by Birr 33.8 billion (45.5 percent) and reached Birr 108.1 billion at the end of June, 2021. Awash Bank is, of course, not only the first but also the only Ethiopian private bank to surpass the Birr 100 billion mark in total deposits at the end of the reporting period. This historic and commendable achievement of the Bank was mainly attributable to aggressive expansion of the customer base of the Bank, offering of different deposit products to different customer segments, and expansion of different digital and conventional service delivery channels, including full-fledged IFB branches.

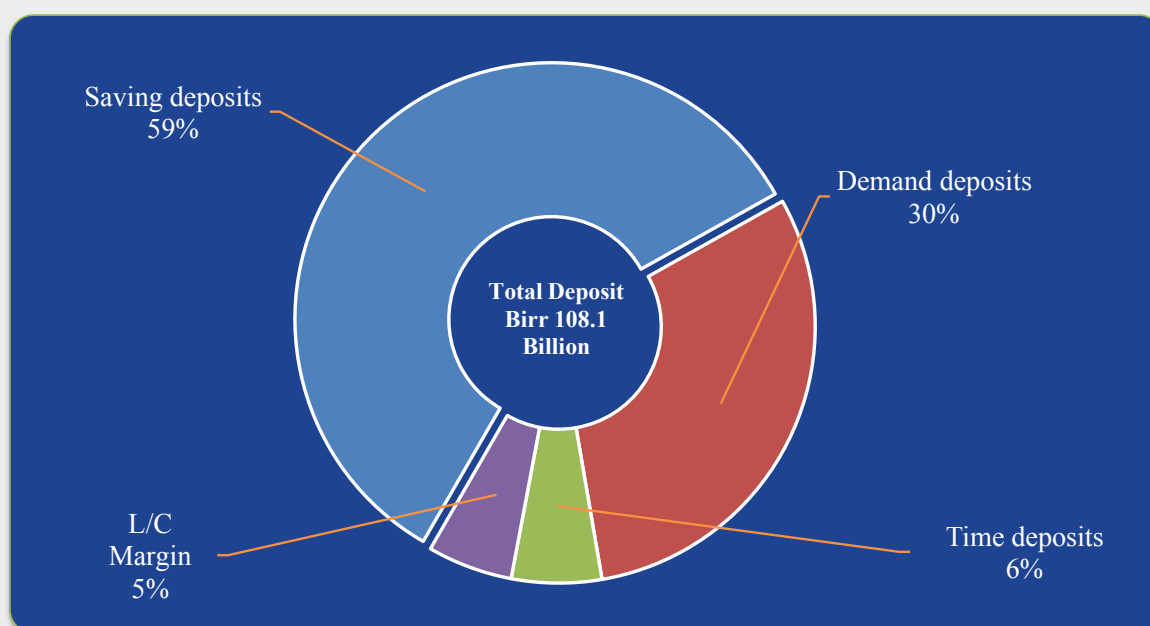
During FY 2020/21 alone, about two million new customers have opened deposit accounts with Awash Bank. In addition, both mobile and internet banking services subscribers have reached over two million at the end of the report period. Moreover, deposit mobilized from Interest Free Banking line of business has witnessed encouraging performance and reached Birr 7.49 billion as at June 30, 2021; registering a net increment of Birr 3.54 billion (89.5 percent) over last year same period.

Composition of deposits revealed that the more stable saving deposits accounted for 59 percent, followed by low-cost demand deposits (30 percent), time deposits (6 percent) and letter of credit margin (5 percent).

Table 1: Deposit Composition by Type (In Billions of Birr)

Descriptions	Financial Year		Growth		Share (%)	
	2019/20	2020/21	Absolute	%	2019/20	2020/21
Saving deposits	44.9	63.3	18.4	41	60	59
Demand deposits	20.1	32.9	12.8	64	27	30
Time deposits	5.7	6.1	0.5	9	8	6
L/C Margin	3.7	5.8	2.1	57	5	5
Total deposits	74.3	108.1	33.8	46	100	100

Figure 1: Deposit Structure as at June 30, 2021



1.2. LOANS AND ADVANCES

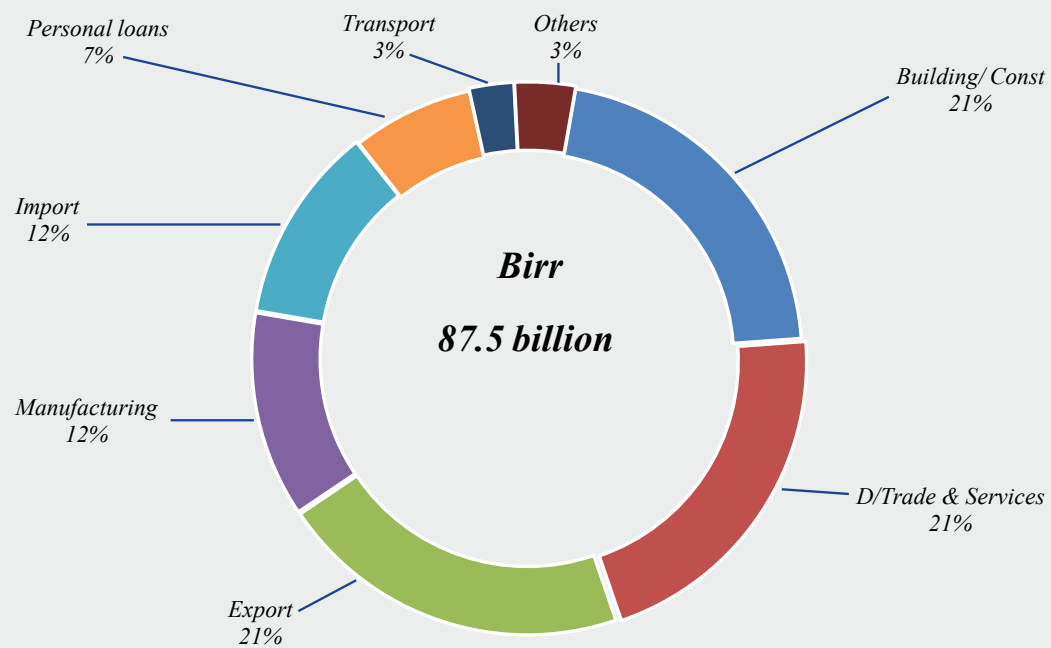
Awash Bank continued to play pivotal role in the country's economic growth through financing different sectors of the economy. During the FY 2020/21, the total outstanding loans and advances availed to different sectors of the economy grew by Birr 30.3 billion (52.8 percent) and stood at Birr 87.5 billion as at June 30, 2021.

Awash Bank extends loans and advances to different sectors of the economy in line with the Government's policy of encouraging priority

sectors, broad based economic growth and risk diversification. Composition wise, loans and advances availed to building and construction sector account for the lion's share (21.1 percent), followed by domestic trade and services (20.9 percent), export (20.8 percent), manufacturing (12.1 percent), import (11.7 percent), personal loans (7.2 percent), transport (2.6 percent) and other sectors (3.6 percent).

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

Loan by Sector	Financial Year		Growth	
	2019/20	2020/21	Absolute	%
Building & Construction	12.8	18.4	5.6	43.8
Domestic Trade & Services	13.6	18.3	4.7	34.6
Export	10.7	18.2	7.5	69.7
Manufacturing	6.6	10.6	4.0	60.3
Import	5.6	10.2	4.6	81.8
Personal loans	4.1	6.3	2.2	54.8
Transport	2.2	2.3	0.1	4.9
Others	1.6	3.1	1.5	95.1
Total Loans & Advances	57.3	87.5	30.3	52.8

Figure 2: Sectorial Distributions of Loans and Advances as at June 30, 2021

On the other hand, owing to the prudent lending practices of the Bank, the Non-Performing-Loan (NPLs) ratio is maintained at 1.9 percent, which is significantly below the NBE's 5 percent ceiling.

Some of the Investments (Businesses) Financed by Awash Bank



Desalegn Sayed Import & Export





Chilalo Food Complex



Prima Food Complex





Arega Ayenew Import/Export,
BAMAK Foam & Plastic Factory



Giant Eagle Trading PLC Bldg.

1.3. INTERNATIONAL BANKING SERVICES

The overarching objectives of the Bank with regard to International Banking Services are facilitating the flow of goods and services across the globe and generation of foreign currency from different sources through maintaining good relationship with correspondent banks, international money transfer and payment operators, NGOs and recipients of remittances.

During the period under review, Awash Bank has devised a new lottery-based scheme called “ይቆጥቡ ፣ ይቀበሉ ፣ ይሸለሙ” meaning “Save, Receive and Win” that will motivate both savers and recipients of remittances to conduct transactions through Awash Bank and win the lottery prizes. Moreover, Awash Bank has strengthened its relationship with correspondent banks to the extent of getting the Bank labeled as the most reliable and dependable private bank in Ethiopia.

Reflecting the effort of the Bank, the foreign currency generated during the period under review grew by USD 32.4 million over the same

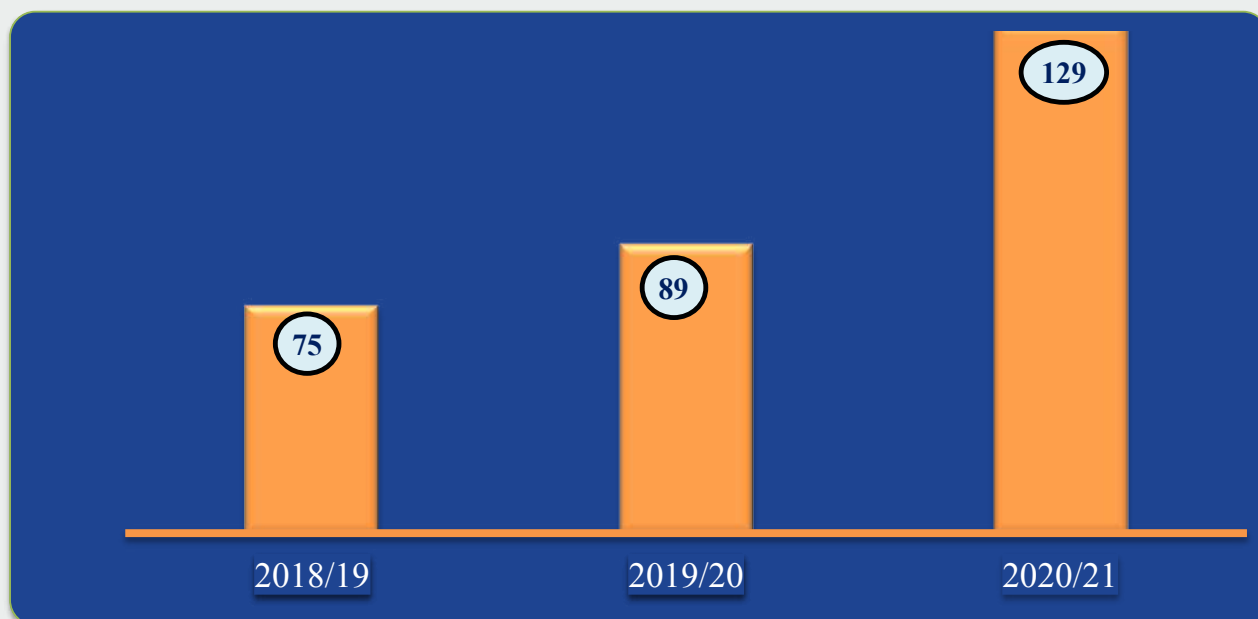
period of last year and reached USD 901.8 million at the end of June, 2021. This result was commendable, given the existence of stiff competition among local banks, widening of foreign exchange premium in the parallel market and slowdown of foreign exchange inflows due to, among others, COVID 19 pandemic.

1.4. TOTAL ASSETS

As at June 30, 2021, total asset of the Bank reached Birr 128.7 billion, depicting a growth of Birr 39.4 billion (44.1 Percent) over the corresponding period of last year. Of the total asset, net loans and advances took the lion's share of Birr 86 billion (67 percent). The significant growth in the asset size of the Bank was largely attributed to the increase in loans and advances to customers and investment on fixed assets, which would ensure a sustainable growth of the Bank in the long run.

The continuous surge in the asset position of the Bank over the last two decades reveals that Awash Bank's growth is organic, in the right way and within the risk appetite of the Bank.

Figure 3: Trends in Total Assets (In Billions of Birr)



1.5. CAPITAL

Awash Bank actively manages its capital to meet current and future business needs as well as regulatory requirements. Total equity of the Bank increased by Birr 3.9 billion (32.4 percent) as compared with the preceding financial year and reached Birr 15.9 billion at the end of June, 2021.

In line with the decision of the shareholders of Awash Bank to raise the paid-up capital to Birr 12 billion at the end of June 2023, paid-up capital of the Bank grew by Birr 2.3 billion (40 percent) in one financial year alone and stood at Birr 8.2 billion as at June 30, 2021. This massive capital injection indicates the confidence of the shareholders in the future of their Bank and their determination to strategically position the Bank to withstand both domestic and foreign competitions. Awash Bank is not only the most capitalized private bank in Ethiopia but also a Bank whose paid-up capital by far exceeds the minimum statutory requirement of Birr 5 billion set by the NBE, which all existing commercial banks operating in Ethiopia are required to meet by June 30, 2026.

2. FINANCIAL PERFORMANCE

Awash Bank has registered an impressive financial result during FY 2020/21 despite the difficult business environment due to the COVID-19 pandemic and internal conflicts.

2.1. INCOME

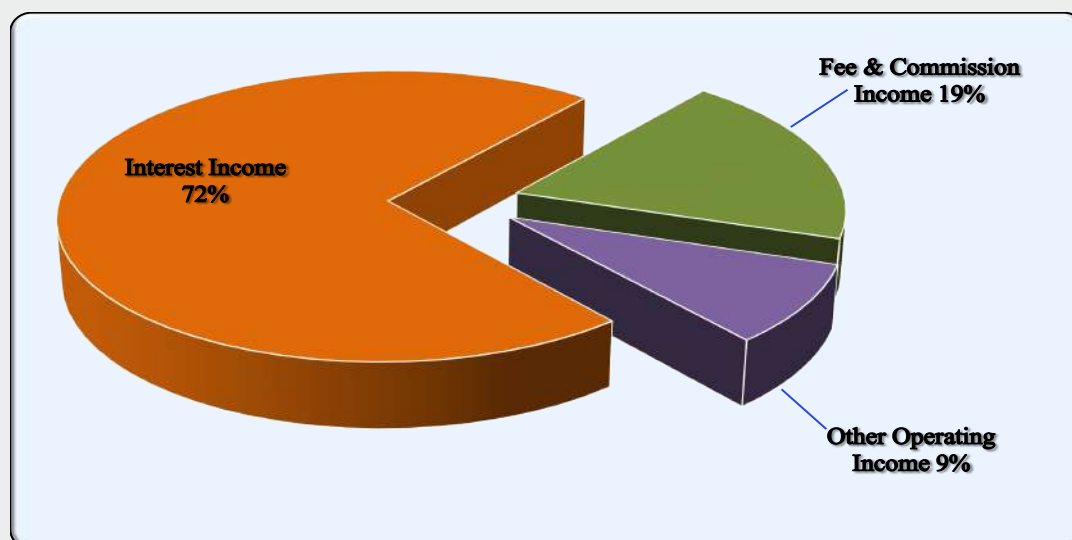
Awash Bank generated a total income of Birr 13.7 billion during financial year 2020/21, up by Birr 3.5 billion (34.6 percent) as compared with the same period of last year, driven by a remarkable increase in all components of income. Interest income rose by 25.9 percent and stood at Birr 9.9 billion, largely reflecting increases in loans and advances. Similarly, income from fees and commissions as well as other operating incomes grew by 63.4 percent and 64.9 percent, respectively, indicating a surge in income associated with issuance of letters of credit, gains on foreign currency dealings and rental income from own buildings.

In terms of composition, interest income continued to account for the lion's share of total income (72 percent), followed by fees and commission income (19.1 percent) and other operating income (8.8 percent).

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

Descriptions	Financial Year		Growth		Share (%)	
	2019/20	2020/21	Absolute	%	2019/20	2020/21
Interest Income	7,873	9,916	2,043	25.9	77.1	72.1
Fee & Commission Income	1,603	2,620	1,017	63.4	15.7	19.1
Other Operating Income	733	1,209	476	64.9	7.2	8.8
Total Income	10,209	13,744	3,535	34.6	100	100

Figure 4: Income Composition as at June 30, 2021



2.2. EXPENSES

The total expenses of the Bank stood at Birr 8.9 billion by the end of June 2021, up by Birr 2.3 billion (35 percent) from last year similar period, driven by an increase in personnel expense, interest expense and other operating expenses.

Personnel expenses increased by Birr 1.3 billion and stood at Birr 3.5 billion as at June 30, 2021, mainly mirroring the staff salary scale adjustments at the beginning of the financial year 2020/21, the significant branch expansion endeavor of the Bank during the last two years (opening up of 156 new branches), and the implementation of new organizational structure

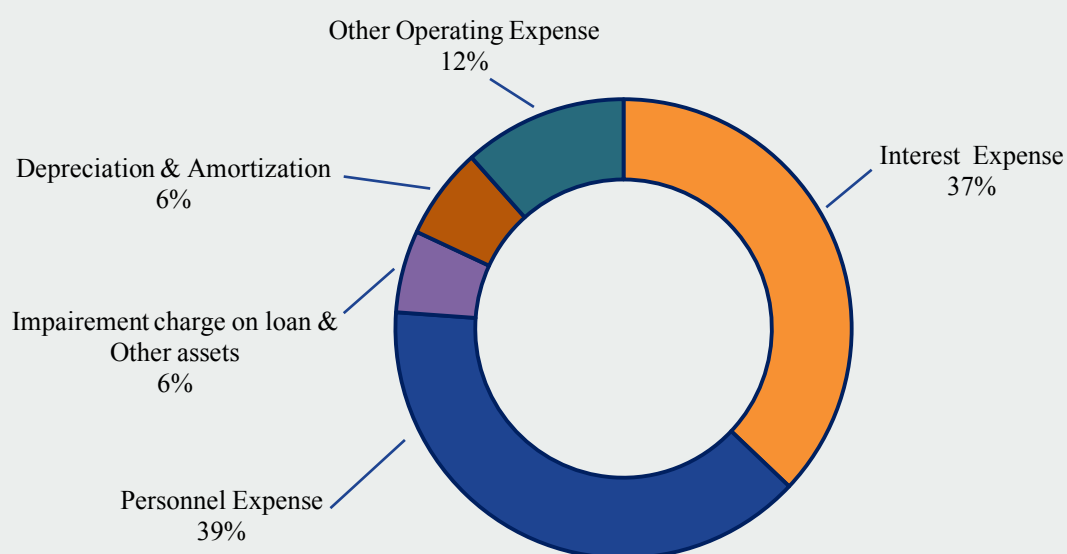
during the 2nd half of the year. Similarly, interest expenses increased by 25 percent and reached Birr 3.3 billion, on account of growth in interest bearing savings and time deposits.

The expense structure of the Bank was dominated by personnel expenses, which accounted for 39.1 percent of the total expenses, followed by interest expenses (37.1 percent) and other operating expenses (11.6 percent). The remaining 12.3 percent of total expenses was accounted by impairment charges on loans and other assets and depreciation and amortization expenses.

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

Descriptions	Financial Year		Growth		Share (%)	
	2019/20	2020/21	Absolute	%	2019/20	2020/21
Personnel Expense	2,218	3,485	1,267	57.1	33.6	39.1
Interest Expense	2,656	3,307	652	24.5	40.2	37.1
Other Operating Expense	671	1,035	364	54.3	10.2	11.6
Depreciation & Amortization	477	577	99	20.8	7.2	6.5
Impairment charge on loan & Other assets	588	517	(71)	(12.1)	8.9	5.8
Total Expense	6,609	8,921	2,312	35.0	100	100

Figure 5: Components of Expense as at June 30, 2021



2.3. PROFIT

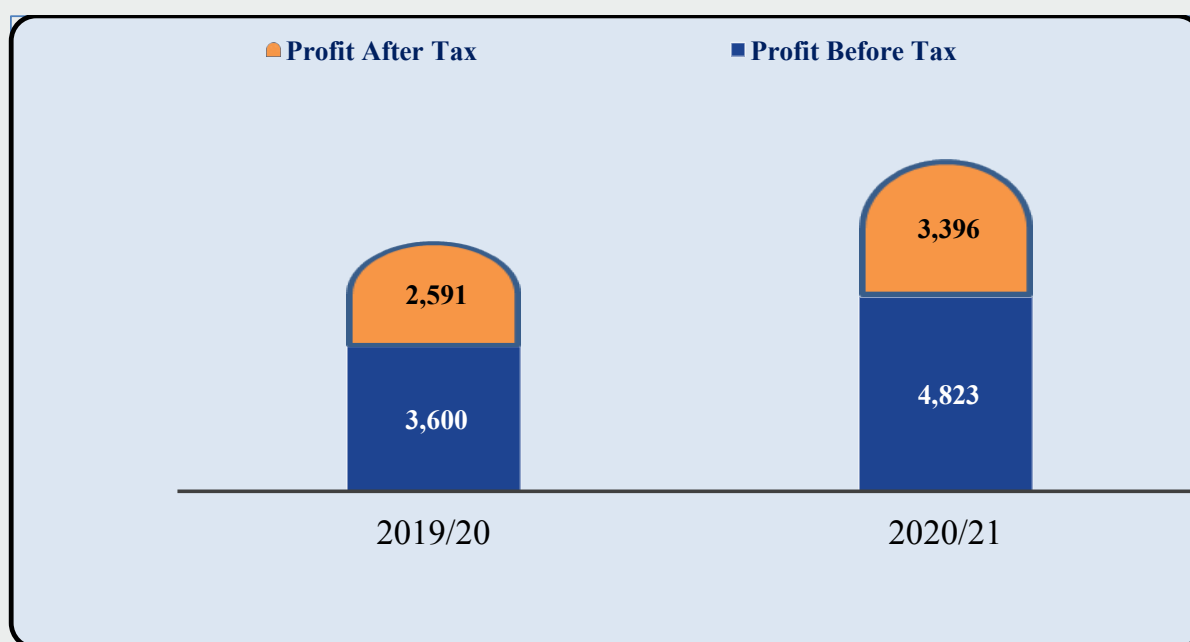
Awash Bank registered a record high profit of Birr 4.8 billion during financial year 2020/21, which was not only a record high in the history of Awash Bank but also in the history of private banks operating in Ethiopia. Profit before tax surged by Birr 1.2 billion (34 percent), largely supported by substantial increases in both interest and non-interest incomes.

Earnings per share of the Bank modestly declined to Birr 470 in 2020/21 from Birr 510 in 2019/20 for a par value of Birr 1,000, solely due to the significant increase in paid-up capital of the Bank by Birr 2.3 billion.

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

Descriptions	Financial Year		Percentage Change
	2019/20	2020/21	
Profit Before Tax	3,600	4,823	34
Profit After Tax	2,591	3,396	31

Figure 6: Profit Before and After Tax (In Millions of Birr)



2.4. PROPOSAL ON DIVIDEND PAYOUT

Awash Bank remains committed to consistently deliver superior returns to its highly esteemed shareholder. Consequently, the Board of Directors recommend that out of total appropriable profit of Birr 2,495,846,409 (two billion four hundred ninety-five million eight hundred forty-six thousand four hundred nine Birr), Birr 124,792,320 (one hundred twenty-four million seven hundred ninety-two thousand three hundred twenty Birr) to be retained and a dividend of Birr 2,371,054,089 (two billion three hundred seventy-one million fifty-four thousand eighty-nine Birr) 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

As part of the grand vision of "To be the First Choice World Class Bank by 2025", Awash Bank has performed the following major strategy related activities during FY 2020/21: -

- Revised and implemented the new organizational structure of the Bank;
- Upgraded the core banking system of the Bank and related platforms;
- On the verge of finalizing the development of Digital Financial Services Strategy and SME Banking Strategy to be implemented during the coming financial year;
- Expanded the customer base of the Bank;
- Developed and rolled out new products and services tailored to different customer segments;

- Developed and Implemented Interim Performance Management System both at Head Office and Branches;
- Crafted /amended various policies and procedures so as to support the execution of the Bank's overall strategy;
- Enhanced the Bank's internal capabilities in terms of technology, human capital, systems and process to ensure the proper implementations of the Strategic Plan.

3.2. HUMAN CAPITAL DEVELOPMENT

Over the past years, Awash Bank has demonstrated unprecedented growth in virtually all areas of its operations, which, in turn, necessitated a commensurate growth of human resources. Awash Bank's number of staff increased by 2, 058 during the review period, raising its total staff strength to 12, 188 by the end of June 2021. The new recruits include young university graduates and experienced senior staff from other banks.

In line with the capacity development program of the Bank, over Birr 20.5 million was spent for staff training and education during FY 2020/21. Indeed, the capacity development plan of the Bank was slightly halted during the review period, owing to COVID 19 related meeting and travel protocols.

Board of Directors on Training



Staff Training

3.3. SERVICE DELIVERY CHANNELS

Awash Bank provides a wide range of products and services through its extensive branch networks and a wide array of alternative digital channels. During the financial year 2020/21, the Bank opened 100 new branches across the country, raising its total branch networks to 566 as at June 30, 2021.

The other service delivery channels providing 24/7 convenient services to the Bank's customers were ATMs, POS terminals, internet banking, mobile banking and agency banking. During the FY 2020/21, the number of ATMs, POS terminals and Agents increased by 97, 825 and 77 and reached 565, 1,406 and 104, respectively.

The Call Center of the Bank is also another dedicated service line of the Bank mainly engaged in customer complaint handlings and resolving customer issues through personalized customer services. As part of the customers' grievance redressal mechanism, all complaints received by the Bank are recorded in a Customer Relationship Management (CRM) system and tracked for end-to-end resolution. The Bank has also devised an escalation matrix built in the CRM system to ensure that customer needs are appropriately addressed within the stipulated timelines.

Table 6: List of Newly Opened Conventional Branches during FY 2020/21

1	Pugnido	31	Abomsa	61	Dire Enchini
2	Dolo Oddo	32	Bole Nura Era	62	Kute
3	Burka Shobe	33	Adama Bole	63	Bole Aba Sena
4	Cholle	34	Meket	64	Burka Chafe
5	Gololcha	35	Sholla Meskelegna	65	Amaya
6	Bui	36	Kumsa Moroda	66	Saris 58
7	Gasera	37	Hayu	67	Debark
8	Abaro	38	Bulbula	68	Dur Bete
9	Meri-Summit	39	Hababo Guduru	69	Chembelala
10	Adet	40	Alem Ketema	70	Gara Baru
11	Lumame	41	Arboye	71	Nefas Mewcha
12	Gerji Mebrat Haile	42	Agamsa	72	Dicha
13	Haik	43	Diksis	73	Wedessa
14	Wenbera	44	Bele Gesgar	74	Shebele
15	Wachemo	45	Yirba	75	Shafeta
16	Jacros Adebabay	46	Molale	76	Humbo
17	Wirtu	47	Mehal Meda	77	Oda Nabe
18	Sherero	48	Afren Kelo	78	Kindo Koysha
19	Hidabu Abote	49	Hara	79	Mizyig
20	Jemo Hulet	50	Ataye	80	Doyo Gene
21	Ejere	51	Kone	81	Gesuba
22	Tebase	52	Atlas	82	Tercha
23	Bole 18	53	Ras Desta	83	Hachalu Hundessa
24	Flamingo	54	Yeka Megenagna	84	Teji
25	Jakros Figa	55	Kolfe Kuteba	85	Liben
26	Bahir Dar Gebeya	56	Tulu Jemmo	86	Hadero
27	Kirkos Riche	57	Keraniyo	87	Abaya
28	Gara Gura	58	Sayo Nole	88	Bonosha
29	Weji	59	Enango		
30	Bole Arabsa	60	Haro Limu		

Table 7: List of Newly Opened IFB Branches during FY 2020/21

1	Manal	7	Nejashi
2	Bani	8	Korhay
3	Mina	9	Chinaksen
4	Fathi	10	Degehabur
5	Amen	11	Awelia
6	Mashraq	12	Aflaha

3.4. INFORMATION TECHNOLOGY

Awash Bank is committed in setting the pace in the adoption of financial technology. Consequently, the Bank has immensely invested in new technologies and digital solutions during the FY 2020/21. This is in line with the Bank's pledge to create value for its esteemed customers through a wide range of innovative products and services.

In light of this, Awash Bank has upgraded its Information Technology Systems during the FY 2020/21, which enabled ease of integration with bill payments, e-commerce and other instant online payments. Core Banking System, Digital Footprints, Digital Channel Platform and Enterprise Service Bus were among the systems that are upgraded during the FY 2020/21. In effect, Awash Bank was able to attract new customers and serve its existing customers by availing various services on the Mobile App and by availing other alternative delivery channels.

During the reported financial year, Awash Bank integrated its system with different players in the payment ecosystem and facilitated its customers' payment services and enhanced their satisfaction by creating positive customer experience. Accordingly, the Bank integrated its systems with Ministry of Revenues (Derash Platform), Ethio-telecom (telebirr), DSTv, CANAL+, Schools (Fee Payments) and Traffic Police (Penalty Payment).

In a bid to facilitate payments to billers and third parties, Awash Bank has also implemented QR code during the financial year. This Scan-and-Pay service enables payment by scanning the Quick Response (QR) Code to be generated by the merchants and other billers. Similarly, Awash Bank has enabled an interoperability functionality with Rays MFI (Sahay), making customer of one company to transact on the channels of the other company as well. During the fiscal year 2020/21, the Bank has also integrated with Paypal that enables payment to be directly received in the Awash Wallet Account.

3.5. CONSTRUCTION OF OWN BUILDINGS

The construction of Bulbula building (2B+G+ 13) that was started last year was 30% completed, while structural work of Bale Robe building(B+G+4) was almost completed and left only with finishing works. On the other hand, during FY 2020/21, the Bank has secured land for the construction of buildings in Asella and Dire-Dawa towns.

In a bid to have convenient branch offices and reduce the ever-growing office rental expenses, the Bank has bought three adjacent condominium commercial houses in Addis Ababa around Bole Bulbula area to be merged and used for branch office.



On going Building Construction Around Saris Area



Construction of Awash Bank's
Bale Robe Bldg.



Design of future Awash Bank's Dire Dawa Bldg.



Design of future Awash Bank's Assela bldg.

3.6. CORPORATE SOCIAL RESPONSIBILITY

Awash Bank's Corporate Social Responsibility (CSR) initiatives are hinged on the belief that today's business performance is measured by not only the financial numbers but also by the social investment as well as contributions made towards economic developments of the country.

Accordingly, during FY 2020/21 Awash Bank donated Birr 17.9 million to different development projects and charity organizations across the country. The recipients of the contribution were Deborah Foundation, SNV Netherlands Development Organization, Care Ethiopia, Centro Aiuti per l'Etiopia (The Aid Center for Ethiopia), Dr. Negaso Gidada Foundation, and Ethiopian National Association of the Deaf and Blind. Moreover, Awash Bank has purchased Government Bond with an amount of Birr 25 million in support of the Great Ethiopian Renaissance Dam (GERD).



Ethiopian National Association of the Deaf Blind



Dr. Negaso Gidada Foundation



Deborah Foundation



Care Ethiopia



SNV: Netherlands Development Organization

4. Interest Free Banking (IFB) Sharia Advisory Committee's Report for Financial Year 2020/21

Sharia Advisory Committee



Ustaz Sultan Aman Eba
Chairman



Mohammedhakim Ahmed (Dr.)
D/Chairman



Ustaz Hassen Abdulnasir Ali
Member

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

In compliance with the duties and responsibilities vested on 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 assure 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 566 branches, among which 27 (Twenty-Seven) are full-fledged IFB Branches, designated as **"IKHLAS", which is brand name for the bank's IFB products.**

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

- Wadi'ah saving, Student-Plus (Wadi'ah for education), Al-Khair & Labbaik – Wadi'ah saving accounts;
- Wadi'ah 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;

- Loan for the poor (Qard-ul Hassan) = Free Loans;
- IFB Trade Services, (Murabaha, Musharakah and Wakalah L/C);
- IFB Bank Guarantees (Kafalah);
- Hawalah (Hiwalah), etc.

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 2021. 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 2021 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 3,146,216.79 collected from defaulted customers in the form of penalty must be given to Charity.
4. Since Awash Bank's shareholders include Non-Muslims, it is not required to pay zakat during the financial year ended 30 June 2021.

Thank You (Jazakumullah Khairan)!

On behalf of the Shariah Advisory Committee



Ustaz Sultan Aman Eba
Chairman of the Shariah Advisory Committee



Dr. Mohammedhakim Ahmed D/Chairman of
Shariah Advisory Committee



Ustaz Hassan Abdulnasir Member of the
Shariah Advisory Committee

Addis Ababa, Ethiopia

AUDITOR'S REPORT





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የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን

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 2021, 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 2021 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 2021, gross loans and advances to customers amounted to Birr 87.5 billion, representing 67% of the total assets of the Bank, and impairment allowance for loans and advances to customers amounted to Birr 1.51 billion), impairment of loans and advances is considered a key audit matter.

ASC

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AWASH INTERNATIONAL BANK SHARE COMPANY (continued)

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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AWASH INTERNATIONAL BANK SHARE COMPANY (continued)

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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AWASH INTERNATIONAL BANK SHARE COMPANY (continued)

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 Proclamation No. 1243/2021, we must report to you in accordance with

Article 349 (1) that we have no comments to make on the report of the Board of Directors; and
Article 349 (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
9 November 2021

Audit Services Corporation
Auditors of
Awash International Bank Share Company



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Directors, Professional Advisers and Registered Office



Company trade license number

LBB/001/91

Directors (as of June 30, 2021)

Amb. Dibaba Abdetta Dirbaba (Dr.)

Gure Kumssa Deressa

Abaynesh Bekele Wakjira

Abynesh Merga Jena

Alemu Tita Blidu

Beza Tadesse Gurmu

Getachew Olana Jabana

Girma Guluma Woyessa (Eng.)

Gudissa Legesse Diro

kedeme Teshome Woldeyes

Roba Arega Kitata

Yoseph Yonas Kumsa

Executive Management (as of June 30, 2021)

Tsehay Shiferaw Ensermu

Abdella Adem Sekeko

Abebe Deressa Dinssa

Dessalegn Tolera Jaleta

Henock Tessema Tadesse

Kefyalew Shiferaw Demissie

Lemessa Soboka Megerssa

Netsanet Woldekidan K/Mariam

Tadesse Gameda Denta

Temesgen Busha Gemechu

Temesgen Workineh Sodu

Tilahun Geleta Neguma

Yohannes Merga Gudina

Senior Management (as of June 30, 2021)

Teklu Wodajo Tomma

Abebe Tadesse Demesash

Aweke Shagu Jetu

Berhanu Balcha Wordofa

Beyene Dekeba Obole

Dereje Getachew Kelemu

Desalegne Assefa Yegzaw

Ebissa Deribe Cheru

Ephrem Bogale Shiferaw

Gacho Wara Abiyu

Girmay Seyfu Asrat

Gutama Tesfa Ashana

Kebede Daba Eticha

Kelemu Ameha Alemu

Hailu Meskela Gudeta

Hailu Woldegebriel Teklemariam

Lemessa Bulti Abdeta

Lemi Furgassa Bedada

Melkamu Tadesse Zewdu

Merga Atnafu Hirpa

Meseret Ambelu Genie

Mohammed Kedir Sado

Nurfeta Legesse Kejjella

Olani Tabor Wami

Samson Hussein Jemal

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

Non-Executive Director

Chief Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Advisory to the CEO

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Executive Assistant to the CEO

Director

Director

Director

Director

Director

Director

Director

Director

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed Jan 23, 2020)

(Appointed July 1, 2016)

(Appointed January 1, 2021)

(Appointed Oct 1, 2016)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed February 1, 2019)

(Appointed January 1, 2021)

(Appointed January 1, 2021)

(Appointed July 1, 2016)

(Appointed January 1, 2021)

(Appointed January 1, 2021)

(Appointed July 1, 2017)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed January 1, 2021)

(Appointed January 1, 2021)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed January 3, 2021)

(Appointed June 22, 2021)

(Appointed March 15, 2018)

(Appointed July 1, 2016)

(Appointed August 21, 2017)

(Appointed January 1, 2021)

(Appointed January 2, 2021)

(Appointed January 1, 2021)

(Appointed March 24, 2021)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed January 1, 2020)

(Appointed November 25, 2019)

(Appointed January 1, 2021)

(Appointed January 1, 2021)

(Appointed January 1, 2021)

(Appointed January 1, 2021)

(Appointed December 18, 2018)

(Appointed January 1, 2021)

(Appointed June 15, 2021)



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Directors, Professional Advisers and Registered office (Continued)

**Senior Management (as of June 30, 2021) (Continued)**

Solomon Jebessa Gudissa	Director	(Appointed May 17, 2021)
Soressa Alemu Mosissa	Director	(Appointed September 5, 2018)
Tegene Tesfaye Gebretsadik	Director	(Appointed February 21, 2019)
Tadele Alemayehu Mamo	Director	(Appointed January 1, 2021)
Teferi Bekele Olika	Director	(Appointed January 1, 2021)
Takele Arega Mammo	Director	(Appointed July 1, 2016)
Tesfaye Seyfu Tekle	Director	(Appointed January 1, 2021)
Tewodros Hailu Wordofa	Director	(Appointed April 19, 2021)
Tilahun Dejene Tasew	Director	(Appointed January 1, 2021)
Tsehay Getachew Gebeyehu	Director	(Appointed January 1, 2021)
Tussi Mendo Urgessa	Director	(Appointed January 1, 2021)
Wegayehu Teshome Anteneh	Director	(Appointed January 1, 2021)
Wondimagegnehu Berhanu Gemechu	Director	(Appointed July 1, 2016)
Yirga Yigezu Gemtessa	Director	(Appointed January 1, 2021)
Yohannes Tsegaye Terara	Director	(Appointed January 1, 2021)
Yonas Atomsa Bedasa	Director	(Appointed January 1, 2021)
Yonas Kumera Lemu	Board Secretary	(Appointed July 1, 2016)
Yordanos Mekonnen Biru	Director	(Appointed July 1, 2016)
Zebene Kaba Deresa	Director	(Appointed July 1, 2017)
Zelalem Bekele Gebremariam	Director	(Appointed January 6, 2021)

Independent auditors

The Federal Democratic Republic of Ethiopia
Audit Services Corporation
Addis Ababa
Ethiopia

Corporate office

Awash Tower
Ras Abebe Aregay Street
P.O. Box 12638
Addis Ababa, Ethiopia

AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

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 2021, the number of shareholders and its paid-up capital increased to over 5,624 and ETB 8,189 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 2021 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 2021 ETB'000	30 June 2020 ETB'000
Interest income	9,915,700	7,872,829
Profit / (loss) before tax	4,823,110	3,599,646
Tax (charge) / credit	(1,427,361)	(1,008,492)
Profit / (loss) for the year	3,395,749	2,591,155
Other comprehensive income / (loss) net of taxes	30,457	14,276
Total comprehensive income / (loss) for the year	3,426,206	2,605,431



 Tsehay Shiferaw Engfermu
 Chief Executive Officer
 Addis Ababa, Ethiopia



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

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:

- Exhibit clearly and correctly the state of its affairs;
- Explain its transactions and financial position; and
- 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 Dibaba (Dr.)
 Board Chairman
 09 November 2021



 Tsehay Shiferaw Ensermu
 Chief Executive Officer
 09 November 2021
 Annual Report 2020/21

AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Statement of Profit or Loss and Other Comprehensive Income



	Notes	30 June 2021 ETB'000	30 June 2020 ETB'000
Interest income	5	9,915,700	7,872,829
Interest expense	6	(3,307,476)	(2,655,677)
Net interest income		6,608,224	5,217,152
Fees and commission income	7	2,619,557	1,602,922
Other operating income	8	1,208,494	732,661
Total operating income		10,436,275	7,552,735
Loss Allowances on Financial Assets	9, 10 & 11	(516,698)	(587,575)
Net operating income		9,919,577	6,965,160
Share of profit from associate	18	563	672
Total income		9,920,140	6,965,832
Personnel expenses	12	(3,485,353)	(2,218,046)
Amortisation of intangible assets	21	(16,623)	(30,228)
Depreciation and impairment of property and equipment	22	(244,016)	(201,442)
Interest expense on lease liability	20	(26,801)	(22,011)
Amortisation of Right of Use Asset	20	(289,088)	(223,526)
Other operating expenses	13	(1,035,149)	(670,933)
Profit before tax		4,823,110	3,599,646
Taxation	14	(1,427,361)	(1,008,492)
Profit after tax		3,395,749	2,591,155
Other comprehensive income (OCI) net of income tax			
<i>Items that will not be subsequently reclassified into profit or loss:</i>			
Remeasurement gain/(loss) on retirement benefits obligations	26	(6,336)	5,370
Deferred tax (liability)/asset on remeasurement gain or loss	14	1,901	(1,611)
Remeasurement gain/(loss) on retirement benefits obligations (Net)		(4,435)	3,759
Fair value through other comprehensive income financial assets : - Unrealized gain arising from measurement at fair value-Equity Instruments		34,892	10,517
		30,457	14,276
Total comprehensive income for the period		3,426,206	2,605,431
Basic & diluted earnings per share (ETB)	29	470	510

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



AWASH INTERNATIONAL BANK S.C.

Financial Statements

As At 30 June 2021

Statement of Financial Position



	Notes	30 June 2021 ETB'000	30 June 2020 ETB'000
ASSETS			
Cash and bank balances	15	17,534,047	14,436,995
Loans and advances to customers (Net)	16	86,033,125	56,280,354
Investment securities:			
- Financial assets at fair value through OCI	17	229,127	146,541
- Financial assets at amortized cost	17	17,470,285	12,880,807
Investment in associates	18	44,069	44,179
Other assets	19	2,788,546	1,551,710
Right of Use Leased Assets	20	1,141,411	941,594
Intangible assets- Software	21	59,028	23,023
Property and equipment	22	3,395,242	2,975,421
Total assets		128,694,880	89,280,624
LIABILITIES			
Deposits from customers	23	102,280,950	70,577,904
Borrowings	24	208,803	-
Other liabilities	25	8,447,113	5,351,391
Current tax liabilities	14	1,409,111	1,033,212
Lease liabilities	20	287,752	255,145
Retirement benefit obligations	26	119,963	21,371
Deferred tax liability	14	89,443	73,405
Total liabilities		112,843,134	77,312,428
EQUITY			
Share capital	27	8,188,948	5,848,271
Share premium	28	1,389	1,389
Retained earnings	30	3,559,371	2,944,729
Legal reserve	31	3,742,975	2,894,038
Risk regulatory reserve	32	258,709	209,872
Other reserve	33	100,354	69,897
Total equity		15,851,746	11,968,196
Total equity and liabilities		128,694,880	89,280,624

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 09 November 2021 and were signed on its behalf by:

Amb. Dibaba Abdetta Dirbaba (Dr.)
Board Chairman



Tsehay Shiferaw Ense
Chief Executive Officer



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

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	4,384,696	1,389	2,626,445	2,246,249	317,162	62,853	(7,232)	9,631,562
Opening Balance adjustment	-	-	(10)	-	-	-	-	(10)
Profit for the period	-	-	2,591,156	-	-	-	-	2,591,156
Other comprehensive income:								
Change in fair value of Fair value through other comprehensive Income investments (net of tax)	-	-	-	-	-	10,517	-	10,517
Re-measurement gains on defined benefit plans (net of tax)	-	-	-	-	-	-	3,760	3,760
Total comprehensive income for the period	-	-	5,217,590	2,246,249	317,162	73,370	(3,473)	12,236,984
Transactions with owners in their capacity as owners								
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	31	-	(1,637)	-	-	-	-	(1,637)
Transfer to legal reserve	-	-	(647,789)	647,789	-	-	-	-
Transfer to Risk regulatory reserve	32	-	107,290	-	(107,290)	-	-	-
	1,463,575	-	(2,272,861)	647,789	(107,290)	-	-	(268,787)
As at 30 June 2020	5,848,271	1,389	2,944,730	2,894,038	209,872	73,370	(3,473)	11,968,197
As at 1 July 2020	5,848,271	1,389	2,944,730	2,894,038	209,872	73,370	(3,473)	11,968,197
Profit for the period	30	-	3,395,749	-	-	-	-	3,395,749
Other comprehensive income:								
Change in fair value of Fair value through other comprehensive income investments (net of tax)	-	-	-	-	-	34,892	-	34,892
Re-measurement gains on defined benefit plans (net of tax)	26	-	-	-	-	-	(4,435)	(4,435)
Total comprehensive income for the period	-	-	6,340,479	2,894,038	209,872	108,262	(7,908)	15,394,403
Transactions with owners in their capacity as owners								
Contributions of equity net of transaction costs (Proceeds from issue of shares)	691,636	-	-	-	-	-	-	691,636
Dividends Capitalized	1,649,041	-	(1,649,041)	-	-	-	-	-
Dividends paid	-	-	(223,168)	-	-	-	-	(223,168)
Dividends in Payable	-	-	101	-	-	-	-	101
Tax on Retained Earnings	-	-	(8,984)	-	-	-	-	(8,984)
Tax on interest income on foreign	-	-	(536)	-	-	-	-	(536)
Directors' allowance	25	-	(1,706)	-	-	-	-	(1,706)
Transfer to legal reserve	31	-	(848,937)	848,937	-	-	-	-
Transfer to Risk regulatory reserve	32	-	(48,837)	-	48,837	-	-	-
	2,340,677	-	(2,781,108)	848,937	48,837	-	-	457,343
As at 30 June 2021	8,188,948	1,389	3,559,371	3,742,975	258,709	108,262	(7,908)	15,851,746

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



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Statement of Cash Flows



	Notes	30 June 2021 ETB'000	30 June 2020 ETB'000
Cash flows from operating activities			
Cash generated from operations	34	7,013,208	5,274,011
Directors' allowance paid		(1,706)	(1,637)
Income tax paid	14	(1,033,212)	(891,567)
Tax paid on Retained Earnings		(8,984)	(23,305)
Tax paid on interest income on foreign deposit		(536)	(419)
Retirement benefit paid	26	(2,089)	(338)
Net cash (outflow)/inflow from operating activities		5,966,681	4,356,746
Cash flows from investing activities			
Purchase of investment securities in NBE bills and bonds	17	(4,590,559)	(1,166,200)
Purchase of equity investment securities	17	(47,694)	(4,082)
Purchase of Intangible Assets	21	(52,628)	(13,170)
Purchase of property, plant and equipment	22	(579,329)	(634,079)
Prepayments on Right of Use Assets		(457,348)	(254,570)
Net cash inflow/ (outflow) from investing activities		(5,727,558)	(2,072,101)
Cash flows from financing activities			
Proceeds from issues of shares		691,636	373,095
Lease Payments	20	(65,955)	(41,908)
Dividends paid		(223,168)	(579,098)
Net cash (outflow)/inflow from financing activities		402,513	(247,911)
Net increase/(decrease) in Cash and bank balances		641,637	2,036,734
Cash and cash equivalents at the beginning of the year	15	10,937,607	8,471,552
Foreign exchange (losses)/ gains on cash and cash equivalents	8	755,638	429,321
Cash and cash equivalents at the end of the year	15	12,334,882	10,937,607

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



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

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 2021 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 2021

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.

Annual Improvements to IFRS Standards 2018-2021 Cycle.

IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities. This change did not have an impact on the Bank's financial statements.

IFRS 16 Leases - amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. This change did not have an impact on the Bank's financial statements.

• Interest Rate Benchmark Reform

- amendments to IFRS 9 and IFRS 7. This did not have an impact on the Bank's financial statements as the Bank does not have hedging contracts.

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.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.2 Basis of preparation (Continued)

2.2.2 Changes in accounting policies and disclosures (Continued)

"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.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The standard Originally 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The standard effective on 1 January 2022 [deferred to 1 January 2023].

Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The standard effective on 1 January 2022.

Reference to the Conceptual Framework - Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The standard effective on 1 January 2022.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



- 2 Summary of significant accounting policies (continued)
- 2.2 Basis of preparation (Continued)
- 2.2.2 Changes in accounting policies and disclosures (Continued)

Onerous Contracts- Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The standard effective on 1 January 2022.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 contribution of assets between an investor and its 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.

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.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

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.

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.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.5 Recognition of income and expenses (continued)

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.

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.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.5 Recognition of income and expenses (continued)

2.5.1 Net interest income (continued)

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 expensed as the services are received.

2.5.3 Dividend income

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

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.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

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.

b. Classification and subsequent measurement

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.

AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

- *Business model assessment*

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

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

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



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Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

- 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.

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.



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For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

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

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

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

i) Measurement of ECL

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

- for financial assets that are not credit-impaired at the reporting date (stage 1 and 2): as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- for financial assets that are credit-impaired at the reporting date (stage 3): as the difference between the 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.



AWASH INTERNATIONAL BANK S.C.
Financial Statements
For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

iii) Credit-impaired financial assets

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition shall be considered to be credit-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.



AWASH INTERNATIONAL BANK S.C.
Financial Statements
For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

v) Write-off

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

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

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

vi) Non-integral financial guarantee contracts

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

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

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

d. Derecognition

i) Financial assets

The Bank shall derecognise a financial asset when:

- The contractual right to the cash flows from the financial asset expires (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.



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Financial Statements
For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

d. Derecognition (continued)

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

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

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

ii) Financial liabilities

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

e. Modifications of financial assets and financial liabilities

i) Financial assets

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

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset shall be deemed to have expired. In this case, the original financial asset shall be derecognised (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.



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Financial Statements
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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 (continued)

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

ii) Financial liabilities

The Bank shall derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms shall be recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid shall include non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

Where the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability shall be recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

f. Offsetting

Financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses shall be presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

g. Designation at fair value through profit or loss

i) Financial assets

At initial recognition, the Bank may designate certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

ii) Financial liabilities

The Bank shall designate certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.7 Interest Free Banking (IFB)

2.7.1 Murabaha

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

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

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

These products are carried at amortised cost less impairment.

2.7.2 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.



AWASH INTERNATIONAL BANK S.C.
Financial Statements
For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

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).

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.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

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 the lower of their estimated useful lives of six years or the license duration for purchased computer software.

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.



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2 Summary of significant accounting policies (continued)

2.11 Impairment of non-financial assets (continued)

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.

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.



AWASH INTERNATIONAL BANK S.C.

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For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.13 Fair value measurement (continued)

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.

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 or paid in cash if the bank rarely decides to pay in cash. 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.



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2 Summary of significant accounting policies (continued)

2.14 Employee benefits (continued)

(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.

(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.



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For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.14 Employee benefits (continued)

(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.

2.19 Leases

(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.

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For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.19 Leases (continued)

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.

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.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



2 Summary of significant accounting policies (continued)

2.19 Leases (continued)

(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 IFRS 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.

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.

AWASH INTERNATIONAL BANK S.C.

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For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



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

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.



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Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



3 Significant accounting judgements, estimates and assumptions

3.2 Estimates and assumptions (Continued)

(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.

Impairment losses on loans and receivables

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.



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3 Significant accounting judgements, estimates and assumptions

3.2 Estimates and assumptions (Continued)

(c) Defined benefit plans

The cost of the defined benefit pension plan, long service awards and gratuity scheme 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.



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For the year ended 30 June 2021

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.

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For the year ended 30 June 2021

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	assets at fair value through OCI ETB'000	Financial assets at amortized cost ETB'000	Total ETB'000
30 June 2021				
Cash and bank balances	15	-	17,534,047	17,534,047
Loans and advances to customers (Net)	16	-	86,033,125	86,033,125
Investment securities:				
- Financial assets at fair value through OCI	17	229,127	-	229,127
- Financial assets at amortized cost	17	-	17,470,285	17,470,285
Other assets	19	-	1,982,028	1,982,028
Total financial assets		229,127	123,019,485	123,248,612



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For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



4 Financial risk management (Continued)

4.2 Financial instruments by category (Continued)

	Notes	assets at fair value through OCI ETB'000	Financial assets at amortized cost ETB'000	Total ETB'000
30 June 2020				
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	-	12,880,807	12,880,807
Other assets	19	-	996,139	996,139
Total financial assets		146,541	84,594,295	84,740,836

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.

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For the year ended 30 June 2021

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 2021 and 30 June 2020 is represented by the net carrying amounts in the statement of financial position.

	30 June 2021 ETB'000	30 June 2020 ETB'000
Cash and bank balances	17,534,047	14,436,995
Loans and advances to customers (Net)	86,033,125	56,280,354
Investment		
- Financial assets at fair value through OCI	229,127	146,541
- Financial assets at amortized cost	17,470,285	12,880,807
Other assets	1,982,028	996,139
	123,248,612	84,740,836
Credit risk exposures relating to off balance sheet items are as follows:		
Loan commitments	5,129,288	4,387,680
Guarantees	3,238,875	1,085,624
Letters of credit	7,060,194	4,211,020
	15,428,357	9,684,324
Total maximum exposure	138,676,969	94,425,160

(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 2021 ETB'000	30 June 2020 ETB'000
Acquired Properties	18,518	39,562
	18,518	39,562

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.
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For the year ended 30 June 2021
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 2021	30 June 2020
	ETB'000	ETB'000
Domestic trade and services	17,457,203	13,169,972
Export	17,625,711	10,497,819
Building and construction	18,091,986	12,645,575
Import	10,190,725	5,600,272
Manufacturing	10,470,171	6,559,693
Transport	2,250,100	2,182,118
Personal loans	6,244,374	4,054,158
Merchandise	41,929	81,790
Agriculture	338,670	123,120
Staff loans and advances	2,708,137	1,333,255
Murahabah Financing-Domestic Trade	859,938	436,155
Murahabah Financing-Export	558,484	235,167
Murahabah Financing-Agriculture	8,994	5,409
Murahabah Financing-Building and construction	339,205	168,000
Murahabah Financing-Import	20,823	16,219
Murahabah Financing-Manufacturing	156,003	70,235
Murahabah Financing-Transport	63,896	23,719
Export (Qard) Financing_IFB	-	3,512
Overseas Emp. Agencies Qard_IFB	37,236	68,091
Murahabah Financing-personal	29,657	-
Murahabah Financing -Staff loans & advances	46,044	-
	87,539,286	57,274,279

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

	30 June 2021	30 June 2020
	ETB'000	ETB'000
Pass	80,475,263	54,755,634
Special mention	5,519,993	1,518,854
Substandard	507,326	160,946
Doubtful	772,602	194,788
Loss	360,343	644,058
	87,635,527	57,274,280

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.



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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 2021 and 30 June 2020 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 2021 ETB'000	30 June 2020 ETB'000
A	365,627	48,383
A-	-	-
A+	5,724,145	3,130,034
AA	-	-
AA-	224,820	156,390
B	9,382	-
B+	76,938	-
BBB+	956,435	641,062
Not rated	10,177,535	10,461,738
	17,534,882	14,437,607

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.



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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.

In ETB'000	2021			
	12 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				
Stage 1 - Pass	80,475,262	-	-	80,475,262
Stage 2 - Special mention	-	5,519,993	-	5,519,993
Stage 3 - Non performing	-	-	1,640,272	1,640,272
Total gross exposure	80,475,262	5,519,993	1,640,272	87,635,527
Loss allowance	(935,141)	(77,090)	(393,090)	(1,405,321)
Net carrying amount	79,540,121	5,442,903	1,247,182	86,230,206

In ETB'000	2020			
	12 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				
Stage 1 - Pass	53,065,761	-	-	53,065,761
Stage 2 - Special mention	-	2,076,476	-	2,076,476
Stage 3 - Non performing	-	-	1,028,869	1,028,869
Total gross exposure	53,065,761	2,076,476	1,028,869	56,171,106
Loss allowance	(526,990)	(64,417)	(325,022)	(916,429)
Net carrying amount	52,538,770	2,012,059	703,847	55,254,677



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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	2021			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Stage 1 - Pass	14,322,086	-	-	14,322,086
Stage 2 - Special mention	-	174	-	174
Stage 3 - Non performing	-	-	13,241	13,241
Total gross exposure	14,322,086	174	13,241	14,335,501
Loss allowance	(101,531)	(14)	(785)	(102,330)
Net carrying amount	14,220,555	160	12,456	14,233,171

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



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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 ETB'000</i>	2021			
Other financial assets (debt instruments)		Gross exposure	Loss allowance	Net carrying amount
Cash and balances with banks	12 Month ECL	18,288,767	(835)	18,287,932
Investment securities (debt instruments)	12 Month ECL	17,472,016	(1,731)	17,470,285
Other receivables and financial	Lifetime ECL	2,289,276	(13,499)	2,275,777
Total		38,050,059	(16,065)	38,033,994

<i>In ETB'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
Total		28,332,053	(10,747)	28,321,306

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.



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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 most 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
30 June 2021						
Domestic trade and services	63,191,113	296,245	3,534,609	231,009	992,109	68,245,085
Export	13,912,211	281,323	718,897	135,112	250,916	15,298,459
Building and construction	24,006,654	662,249	1,669,759	29,787	32,000	26,400,449
Import	15,314,525	145,919	451,533	240,610	117,312	16,269,899
Manufacturing	10,197,749	2,742,766	625,097	45,732	815,629	14,426,973
Transport	1,265,483	58,269	2,469,436	7,587	3,968	3,804,743
Personal loans	9,253,866	27,761	1,256,820	41,092	1,728	10,581,267
Agriculture	435,170	40,476	65,912	-	195,232	736,790
Staff loans and advances	1,875,412	3,205	204,850	651	2,372	2,086,490
	139,452,183	4,258,213	10,996,913	731,580	2,411,266	157,850,155
30 June 2020						
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
Merchandise	5,317,402	9,658	422,177	31,384	547	5,781,168
Agriculture	269,534	53,212	3,420	-	40,767	366,933
Personal Loans	-	-	-	-	-	-
Staff loans and advances	1,437,023	9	52,282	803	1,843	1,491,960
	70,187,034	3,641,581	6,858,439	683,314	1,497,393	82,867,761



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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 2021, the net carrying amount of credit impaired loans and advances to customers amounted to ETB 1.247 billion (2020: ETB 1.029 million) and the value of identifiable collateral held against those loans and advances amounted to ETB 2.835 billion (2020: ETB 1.181 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 2021, 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,



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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)

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.



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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)

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.



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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)

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.



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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)

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 2021 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	124.12	122.16
GDP EXPENDITURE: Private final consumption, USDbn	68	81.9	95
STRATIFICATION: Household Spending, ETBbn	2095.7	2503.8	2991.5
FISCAL: Total revenue, USDbn	9.6	10.3	11.6
DEBT: Total government debt, USDbn	55.2	67.1	77



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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)

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 2021			
	Upside	Median/Centr	Downside
Cluster 1	-	50%	50%
Cluster 2	-	50%	50%
Cluster 3	-	50%	50%
Cluster 4	-	50%	50%

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

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.



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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)

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.



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For the year ended 30 June 2021
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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.

In ETB'000	30-Jun-21			
	12 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 2020	526,990	64,417	325,022	916,429
Transfer to stage 1 (12 months ECL)	447,373	(8,624)	(116)	438,633
Transfer to stage 2 (Lifetime ECL not credit impaired)	(43,579)	1,887	(61)	(41,753)
Transfer to stage 3 (Lifetime ECL credit impaired)	(200,686)	(11,082)	142,953	(68,815)
Net remeasurement of loss allowance	(115,145)	23,628	(3,398.92)	(94,916)
Net financial assets originated or purchased	479,028	29,117	40,815	548,960
Financial assets derecognised	(158,841)	(22,253)	(112,124)	(293,218)
Balance as at 30 June 2021	935,141	77,090	393,090	1,405,321



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4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.6 Amounts arising from ECL (Continued)

x) Loss allowance (Continued)

In ETB'000	30-Jun-20			
	12 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 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	217,038	34,348	234,019	485,405
New financial assets originated or purchased	179,400	19,679	10,173	209,252
Financial assets derecognised	(53,185)	(13,098)	(104,241)	(170,524)
Balance as at 30 June 2020	526,990	64,417	325,022	916,429
In ETB'000	30-Jun-21			
	Stage 1	Stage 2	Stage 3	Total
Loan commitments and financial guarantee contracts (off balance sheet exposures)				
Balance as at 1 July 2020	76,066	1,526	-	77,592
Transfer to stage 1 (12 months ECL)	64,132	179	26	64,337
Transfer to stage 2 (Lifetime ECL not credit impaired)	-	-	-	-
Transfer to stage 3 (Lifetime ECL credit impaired)	14	-	784	798
Net remeasurement of loss	109,477	18,532	56,860	184,869
New financial assets originated or purchased	35,704	-	12	35,716
Financial assets derecognised	(183,862)	(20,223)	(56,897)	(260,982)
Balance as at 30 June 2021	101,531	14	785	102,330



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4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.6 Amounts arising from ECL (Continued)

x) Loss allowance (Continued)

In ETB'000	30-Jun-20			
	2 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (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)	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

In ETB'000	30-Jun-20			
	Cash and balances with banks	Investment securities (debt)	Other receivables and financial	Total
Other financial assets (debt instruments)				
Balance as at 01 July 2019	951	1,010	11,359	13,320
Net remeasurement of loss	(339)	(360)	(1,875)	(2,574)
Balance as at 30 June 2020	612	650	9,484	10,746



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4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.6 Amounts arising from ECL (Continued)

x) Loss allowance (Continued)

In ETB'000	30-Jun-21			
	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 2020	612	650	9,484	10,746
Net remeasurement of loss	223	1,081	4,015	5,319
Balance as at 30 June 2021	835	1,731	13,499	16,065

– 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.

Loan commitments
 Guarantees
 Letters of credit



30 June 2021	30 June 2020
ETB'000	ETB'000
5,129,288	4,387,680
3,238,875	1,085,624
7,060,194	4,211,020
15,428,357	9,684,324

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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
30 June 2021					
Deposits from customers	3,986,950	7,269,000	10,033,000	19,325,000	61,667,000
Other liabilities	1,600,920	5,793,250	-	-	-
Total financial liabilities	5,587,870	13,062,250	10,033,000	19,325,000	61,667,000
Loan commitments	-	5,129,288	-	-	-
Guarantees	-	-	3,238,875	-	-
Letters of credit	-	7,060,194	-	-	-
Other commitments	-	1,586,895	-	-	-
	-	13,776,377	3,238,875	-	-
Assets held for managing liquidity risk	18,259,670	38,072,450	16,940,670	16,121,840	68,756,450



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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 2020	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
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	-	-	-
Total financial liabilities	14,406,310	7,627,150	5,761,000	11,497,000	36,057,000
Loan commitments	-	4,387,680	-	-	-
Guarantees	-	-	1,085,624	-	-
Letters of credit	-	4,211,020	-	-	-
Other commitments	-	679,288	-	-	-
	-	9,277,988	1,085,624	-	-
Assets held for managing liquidity risk	13,161,920	20,104,160	8,076,970	11,607,190	52,633,220

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.



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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
30 June 2021			
Assets			
Cash and bank balances	-	17,534,882	17,534,882
Loans and advances to customers	85,494,707	2,044,579	87,539,286
Investment securities	17,472,016	229,127	17,701,143
Other assets	-	1,995,527	1,995,527
Total	102,966,723	19,808,588	122,775,311
Liabilities			
Deposits from customers	63,535,751	38,745,199	102,280,950
Other liabilities	-	7,394,170	7,394,170
Total	63,535,751	46,139,369	109,675,120
	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
30 June 2020			
Assets			
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	12,881,457	146,541	13,027,998
Other assets	-	1,005,623	1,005,623
Total	69,129,229	16,616,278	85,745,507
Liabilities			
Deposits from customers	47,365,799	23,212,105	70,577,904
Other liabilities	-	4,770,556	4,770,556
Total	47,365,799	27,982,661	75,348,460



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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)

(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 2021 was ETB 8.383billion (30 June 2020: ETB 4.158billion).

Foreign currency denominated balances

	30 June 2021 ETB'000	30 June 2020 ETB'000
US dollars (USD)	7,672,144	3,619,034
British pounds (GBP)	316,695	202,145
Euros (EUR)	296,597	257,999
Djiboutian franc (DJF)	10	5
Swiss franc (CHF)	78,810	58,354
Swedish Krona (SEK)	2,334	1,643
Japanese yen (JPY)	16,349	18,402
	8,382,939	4,157,582



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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)

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 2021 ETB'000	30 June 2020 ETB'000
Effect of a 10% Increase of the ETB against USD	767,214	361,903
Effect of a 10% Decrease of the ETB against USD	(767,214)	(361,903)
Effect of a 10% Increase of the ETB against GBP	31,670	20,215
Effect of a 10% Decrease of the ETB against GBP	(31,670)	(20,215)
Effect of a 10% Increase of the ETB against EUR	29,660	25,800
Effect of a 10% Decrease of the ETB against EUR	(29,660)	(25,800)
Effect of a 10% Increase of the ETB against JPY	1,635	1,840
Effect of a 10% Decrease of the ETB against JPY	(1,635)	(1,840)
Effect of a 10% Increase of the ETB against CHF	7,881	5,835
Effect of a 10% Decrease of the ETB against CHF	(7,881)	(5,835)
Effect of a 10% Increase of the ETB against SEK	233	164
Effect of a 10% Decrease of the ETB against SEK	(233)	(164)
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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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 2021 ETB'000	30 June 2020 ETB'000
Capital		
Share capital	8,188,948	5,848,271
Share premium	1,389	1,389
Legal reserve	3,742,975	2,894,038
	11,933,312	8,743,698
Risk weighted assets		
Risk weighted balance for on-balance sheet items	96,483,340	52,133,928
Credit equivalent for off-balance	4,768,350	2,546,871
	101,251,690	54,680,799
Total risk weighted assets		
	101,251,690	54,680,799
Risk-weighted Capital Adequacy Ratio (CAR)	12%	16%
Minimum required capital	8%	8%
Excess	4%	8%

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.



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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 2021		30 June 2020	
	Carrying amount	Amortized Cost	Carrying amount	Amortized Cost
	ETB'000	ETB'000	ETB'000	ETB'000
Financial assets				
Cash and bank balances	17,534,047	17,534,047	14,436,995	14,436,995
Loans and advances to customers	86,033,125	86,033,125	56,280,354	56,280,354
Investment securities				
- Financial assets at fair value through OCI	-	-	-	-
- Financial assets at amortized cost	17,470,285	17,470,285	12,880,807	12,880,807
Other assets	1,982,028	1,982,028	996,139	996,139
Total	123,019,485	123,019,485	84,594,295	84,594,295



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- 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-Jun-21		30-Jun-20	
	Carrying amount ETB'000	Amortized Cost ETB'000	Carrying amount ETB'000	Amortized Cost ETB'000
Financial liabilities				
Deposits from customers	102,280,950	102,280,950	70,577,904	70,577,904
Other liabilities	7,394,170	7,394,170	4,770,556	4,770,556
Total	109,675,120	109,675,120	75,348,460	75,348,460

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.



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	30 June 2021	30 June 2020
	ETB'000	ETB'000
5 Interest income		
Loans and advances	9,149,779	7,325,060
National Bank of Ethiopia bills and bonds	386,859	422,163
National Bank of Ethiopia Treasury Bills	171,469	37,319
Due from other banks	207,593	88,287
	9,915,700	7,872,829

Included within various line items under interest income for the year ended 30 June 2021 is a total of ETB 102.803 million (30 June 2020: ETB 101.394 million) relating to impaired loans and advances.

	30 June 2021	30 June 2020
	ETB'000	ETB'000
6 Interest expense		
Deposits from customers	3,096,715	2,541,170
Due to National Bank of Ethiopia	7,757	9,680
Due to other banks	203,004	104,827
	3,307,476	2,655,677

	30 June 2021	30 June 2020
	ETB'000	ETB'000
7 Fees and commission income		
Cash payment orders and cheques	2,569	4,696
Foreign currency transactions	40,485	53,801
Letters of credit	818,094	447,019
Letters of guarantee	125,195	123,192
Telegraphic transfers	407	1,931
Money transfers	9,920	10,681
Other commission	1,568,315	946,984
Murabaha Income	54,572	14,618
	2,619,557	1,602,922



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	30 June 2021	30 June 2020
	ETB'000	ETB'000
8 Other operating income		
Dividends	20,905	11,135
Gain on foreign currency transactions and translations	755,638	429,321
Bad debts recovered	29	66
Telephone, postage and SWIFT	19,140	17,348
Rental	46,572	17,221
Gain on disposal of repossessed collateral	664	498
Estimation and inspection fees	12,606	9,552
Gain on Disposal of old assets	6,996	3,953
Other income	345,944	243,567
	1,208,494	732,661
9 Loan impairment charge		
Loans and advances - charge for the year (note 16)	512,237	589,671
Loans and advances - reversal of provision (note 16)	-	-
Loans and advances - Bad Debts Write Off	-	(2,739)
	512,237	586,932
10 Impairment on other assets		
Other assets-charges (reversal) for the year	4,015	(1,396)
Receivables - Bad Debts Write Off	-	(478)
	4,015	(1,874)
The current impairment charges on other assets is ETB 4.015 million.		
11 Impairment on Cash, Bills and Bonds		
Cash, Bills and Bonds-charge (reversal) for the year	446	(700)



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	30 June 2021	30 June 2020
	ETB'000	ETB'000
12 Personnel expenses		
Salaries and wages	1,762,263	1,158,448
Staff allowances	838,947	507,335
Provident fund and pension costs - Defined contribution plan	212,909	140,300
Provident fund and pension costs - Defined benefit plans	94,345	5,285
Prepaid staff expense	38,295	3,738
Bonus	381,885	287,843
Other staff expenses	156,709	115,097
	3,485,353	2,218,046
	30 June 2021	30 June 2020
	ETB'000	ETB'000
13 Other operating expenses		
Rent	9,908	16,765
Stationery	92,217	58,498
Transportation	58,018	47,335
Telephone and related charges	50,601	43,225
Professional and legal fees	22,359	21,954
Audit fee	798	665
Insurance	17,124	15,308
Taxes	108,302	74,287
Fuel	6,452	5,199
Repair and maintenance	65,660	50,642
Other expenses	168,615	145,902
Card charges	28,960	22,426
Cleaning	6,754	7,571
Entertainment	14,142	15,065
Utility	14,396	11,183
Bank charges	7,210	5,396
Penalties	360	10
Loss on Disposal of old assets	2,573	-
Membership fees	329	609
Board Members fees	1,320	2,622
Loss provision for doubtful debt and assets damage_North Ethiopia conflict	201,758	-
Impairment on Off Balance sheet items	650	(108)
Shariah Advisory committee fees	863	208
Advertising and publicity	100,730	93,640
Donation	55,050	32,531
	1,035,149	670,933



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For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



	30 June 2021	30 June 2020
	ETB'000	ETB'000
14 Income tax		
14a Current income tax		
Company income tax due to Federal Gov't	1,404,823	1,032,697
Rental income tax due to Regional Gov't and City Admin.	4,600	824
Deferred income tax/(credit) to profit or loss	17,939	(25,029)
Total charge to profit or loss	<u>1,427,361</u>	<u>1,008,492</u>
Tax (credit) on other comprehensive income	-	-
Total tax in statement of comprehensive income	<u>1,427,361</u>	<u>1,008,492</u>
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:		
Profit before tax	4,823,110	3,599,646
Add : Disallowed expenses and reversals		
Entertainment	14,142	15,065
Donation	150	20,000
Penalty	360	10
Taxes Paid on Tax audit	98,122	66,207
Accrued Leave	119,568	47,238
Amortisation of Right of Use Asset	289,088	223,526
Interest expense on lease liability	26,801	22,011
Long service Award (Severance and Gratuity pay)	94,345	5,285
Amortization of employee prepaid expense	38,295	-
Bad debt written off	-	1,382
Provision for loans and advances as per IFRS	512,237	589,671
Impairment Losses Reversal on Other Assets (includes Local and Foreign Deposits, NBE Bills and Bonds and Receivables)	4,461	(2,096)
Impairment Losses (Reversal) on off Balance Sheets (LC and Guarantees)	650	(108)
Bonus Provisional expenses	381,000	287,843
provision for doubtful debt- litigation Cases	1,318	-
Loss provision for doubtful debt and assets damage_North Ethiopia conflict	201,758	-
Depreciation for accounting purpose_PPE	244,016	201,441
Amortization for accounting purpose_Intangible Assets	16,623	30,227
Net rental loss from rental operations	4,446	9,095
Total disallowable expenses and reversals	<u>2,047,380</u>	<u>1,516,797</u>



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Financial Statements
For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



14 Income tax (Continued)		
14b Reconciliation of effective tax to statutory tax (Continued)	30 June 2021	30 June 2020
Less : Allowed expenses and reversals	ETB'000	ETB'000
Depreciation and Amortization for tax purpose	302,851	258,656
Amortization on Prepaid Rent	297,638	240,950
Amortization on leasehold land	489	489
Accrued Leave Paid	111,495	-
Share of profit from associate	563	672
Provision for loans and advances for tax	276,400	318,024
Impairment Losses on Other Assets for tax	21,607	14,010
Bonus	381,885	279,669
Interest income taxed at source foreign	541	10,712
Dividend income taxed at source	20,905	11,135
Interest income taxed at source Local	758,041	537,058
Net rental income from rental operations	15,333	2,746
Total allowable expenses and reversals	2,187,748	1,674,121
Taxable profit	4,682,742	3,442,322
Current tax at 30%	1,404,823	1,032,697
	1,404,823	1,032,697
14c Current income tax liability	30 June 2021	30 June 2020
	ETB'000	ETB'000
Balance at the beginning of the year	1,033,212	891,567
Charge for the year:		
Income tax expense	1,404,823	1,032,697
Rental income tax due to Regional Gov't and City Admin.	4,600	824
Prior year (over)/ under provision	-	-
Withholding tax	(312)	(309)
Payment during the year	(1,033,212)	(891,567)
Balance at the end of the year	1,409,111	1,033,212
All tax payable is current in nature.		
14d Deferred income tax		
The analysis of deferred tax assets/(liabilities) is as follows:	30 June 2021	30 June 2020
	ETB'000	ETB'000
To be recovered after more than 12 months	(89,443)	(73,405)



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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 2020	Credit/ (charge) to P/L	(charge) to equity	30 June 2021
	ETB'000	ETB'000	ETB'000	ETB'000
Deferred income tax assets/(liabilities):				
Property, plant and equipment	(79,816)	(45,616)	-	(125,432)
Post employment benefit obligation	6,411	27,677	1,901	35,989
Total deferred tax assets/(liabilities)	(73,405)	(17,939)	1,901	(89,443)
	At 1 July 2019	Credit/ (charge) to P/L	(charge) to equity	30 June 2020
	ETB'000	ETB'000	ETB'000	ETB'000
Deferred income tax assets/(liabilities):				
Property, plant and equipment	(103,361)	23,545	-	(79,816)
Post employment benefit obligation	6,538	1,484	(1,611)	6,411
Total deferred tax assets/(liabilities)	(96,823)	25,029	(1,611)	(73,405)

14e Rental Income tax

	2021				
	Addis Ababa	Oromia Regional Gov't	Sidama Regional Gov't	Harari Regional Gov't	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Income:					
Rental Income	15,217	24,989	5,653	714	46,573
Expenses:					
Salaries and wages	1,750	2,740	1,466	395	6,351
Uniform	104	5	-	-	109
Insurance	49	98	59	3	209
Deprecation	5,053	8,695	4,515	336	18,599
Repair and maintenance	89	115	5	2	211
Cleaning	72	5	-	-	77
Building Taxes	11	271	200	2	484
Utilities	248	66	237	-	551
Total Rental Expenses	7,376	11,995	6,482	738	26,591
Net Profit (Loss) from Rental Operation	7,841	12,994	(829)	(24)	19,982
Loss BF	-	(5,502)	(3,593)	-	(9,095)
Rental Operation After Loss BF	7,841	7,492	(4,422)	(24)	10,887
Rental income tax (30%) Due to Regional Gov't and City Admin.	2,352	2,248	(1,327)	(7)	3,266



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For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



14 Income tax (Continued)

14e Rental Income tax (Continued)

	2020				
	Addis Ababa	Oromia Regional Gov't	SNNP	Harari Regional Gov't	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Income:					
Rental Income	10,177	3,768	2,709	566	17,220
Expenses:					
Salaries and wages	1,353	1,996	1,089	170	4,608
Uniform	79	14	-	-	93
Insurance	53	79	64	2	198
Depreciation	5,519	6,465	4,828	311	17,123
Repair and maintenance	11	573	-	-	584
Cleaning	21	2	-	-	23
Building Taxes	12	134	214	2	362
Utilities	464	7	107	-	578
Total Rental Expenses	7,512	9,270	6,302	485	23,569
Rental Operation	2,665	(5,502)	(3,593)	81	(6,349)
Rental income tax (30%) due to Regional Gov't and City Admin.	800	(1,651)	(1,078)	24	(1,905)

15 Cash and bank balances

	30 June 2021	30 June 2020
	ETB'000	ETB'000
Cash in hand	2,049,226	2,190,500
Reserve account with National Bank of Ethiopia	5,200,000	3,500,000
Balance held with National Bank of Ethiopia	727,363	3,313,836
Deposits with foreign banks	7,630,098	4,157,583
Deposits with local banks	1,928,195	1,275,688
	17,534,882	14,437,607
Less: Loss allowances	(835)	(612)
	17,534,047	14,436,995
Maturity analysis		
Current	12,334,882	10,937,607
Non-Current	5,200,000	3,500,000
	17,534,882	14,437,607



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15 Cash and bank balances (Continued)

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 2021	30 June 2020
	ETB'000	ETB'000
Cash on hand	2,049,226	2,190,500
Deposit with local banks	1,928,195	1,275,688
Deposit with foreign banks	7,630,098	4,157,583
Balance held with National Bank of Ethiopia	727,363	3,313,836
	12,334,882	10,937,607

16 Loans and advances to customers

	30 June 2021	30 June 2020
	ETB'000	ETB'000
Domestic trade and services	17,457,203	13,169,972
Export	17,625,711	10,497,819
Building and construction	18,091,986	12,645,575
Import	10,190,725	5,600,272
Manufacturing	10,470,171	6,559,693
Transport	2,250,100	2,182,118
Personal loans	6,244,374	4,054,158
Merchandise	41,929	81,790
Agriculture	338,670	123,120
Staff loans and advances	2,708,137	1,333,255
Murahabah Financing-Domestic Trade	859,938	436,155
Murahabah Financing-Export	558,484	235,167
Murahabah Financing-Agriculture	8,994	5,409
Murahabah Financing-Building and construction	339,205	168,000
Murahabah Financing-Import	20,823	16,219
Murahabah Financing-Manufacturing	156,003	70,235
Murahabah Financing-Transport	63,896	23,719
Export (Qard) Financing_IFB	-	3,512
Overseas Emp. Agencies Qard_IFB	37,236	68,091
Murahabah Financing-personal	29,657	-
Murahabah Financing -Staff loans & advances	46,044	-
	87,539,286	57,274,279
Loan Loss Allowance_Stage 1	(1,035,182)	(602,960)
Loan Loss Allowance_Stage 2	(77,104)	(65,943)
Loan Loss Allowance_Stage 3	(393,875)	(325,022)
	86,033,125	56,280,354



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Financial Statements
For the year ended 30 June 2021
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 2019	Charge for the year 2020	As at 30 June 2020	Remeasuremen t and Charge for the year 2021	As at 30 June 2021
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Domestic trade and services	211,776	43,125	254,901	173,153	428,054
Building and construction	44,878	27,448	72,326	75,616	147,942
Manufacturing	12,235	48,658	60,893	(3,660)	57,233
Export	91,517	370,868	462,385	101,893	564,278
Import	16,179	16,828	33,007	115,250	148,257
Transport	24,721	51,184	75,905	(29,256)	46,649
Merchandise	-	592	592	(167)	425
Agriculture	2,035	(840)	1,195	3,397	4,592
Personal	2,214	6,920	9,134	46,245	55,379
Staff loans and Advances	563	2,219	2,782	10,069	12,851
Interest Free Banking	874.00	19,931	20,805	19,696	40,501
	406,992	586,933	993,925	512,236	1,506,161

	30 June 2021 ETB'000	30 June 2020 ETB'000
17 Investment securities		
Financial assets at fair value through OCI :		
Financial assets at FVOCI (equity investments)	229,127	146,541
	229,127	146,541
Financial assets at amortized cost :		
Ethiopian Government Treasury Bills	7,528,872	2,965,149
Ethiopian Government bills	9,915,829	9,915,058
Ethiopian Government bonds	27,315	1,250
	17,472,016	12,881,457
Less: Loss allowances	(1,731)	(650)
	17,470,285	12,880,807

The Bank has 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.



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For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



17 Investment securities (Continued)

The Bank equity investment comprises:

Entities	30 June 2021 ETB'000	30 June 2020 ETB'000
Ethiopian Reinsurance Share co.	32,679	22,404
Awash Insurance Share co.	85,304	73,244
Eth-Switch Solution Share co.	104,867	39,187
Negat Mechanical Engineering Share Co.	(1,257)	284
ODA Share Co.	7,284	11,173
Sheger Smart City Real Estate S.C.	250	250
	229,127	146,542

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, 2020.

		Proportion of	30 June 2021 ETB'000	30 June 2020 ETB'000
18 Investment in associate	No of Shares			
Premier Switch Solutions S.C.	44,996	30.12%	44,069	44,179

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 2021 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.



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Notes to the Financial Statements (Continued)



18 Investment in associate (Continued)

18a Nature of relationship (Continued)

	30 June 2021 ETB'000	30 June 2020 ETB'000
Premier Switch Solution S.C		
Current assets	126,622	136,003
Non-current	59,889	48,132
Current liabilities	(10,033)	(9,478)
Non-Current liabilities	(11,357)	(8,574)
Net Assets	165,121	166,083
	30 June 2021 ETB'000	30 June 2020 ETB'000
Summarised statement of comprehensive income		
Income	48,884	39,987
Operating expense	(54,710)	(47,668)
Profit from continuing operation	(5,826)	(7,681)
Finance income	8,849	10,524
Finance costs	-	(493)
Net finance costs	8,849	10,031
Profit(loss) before tax	3,023	2,350
Income tax	(1,054)	-
Profit after tax	1,969	2,350
Legal reserve	(98)	(118)
Net profit for the year	1,871	2,233

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	563	672
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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 2021 ETB'000	30 June 2020 ETB'000
Opening net assets 1 July	151,293	148,943
Profit for the period	1,969	2,350
Dividend Paid	(6,951)	-
Closing net assets	146,311	151,293
Bank's share in %	30.12%	30.12%
Bank's share in ETB	44,069	45,569
Carrying amount on the Bank's financial statement	44,069	45,569



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	30 June 2021	30 June 2020
	ETB'000	ETB'000
19 Other assets		
Financial assets		
Uncleared effects	601,518	221,224
Other receivables	1,394,009	784,399
Gross amount	1,995,527	1,005,623
Less: Loss allowances (note 19a)	(13,499)	(9,484)
	1,982,028	996,139
Non-financial assets		
Repossession collateral	18,518	39,562
Prepayments	198,707	154,235
Office supplies	140,774	100,669
Prepaid staff asset	448,519	261,105
Gross amount	806,518	555,571
	2,788,546	1,551,710
Maturity analysis		
Current	2,122,802	1,096,808
Non-Current	665,744	454,902
	2,788,546	1,551,710

19a Loss allowance on other assets

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

	30 June 2021	30 June 2020
	ETB'000	ETB'000
Balance at the beginning of the year	9,485	11,359
(Reversal)/charge for the year (note 10)	4,014	(1,396)
Receivables - Bad Debts Write Off	-	(478)
Balance at the end of the year	13,499	9,485



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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
Cost:			
Balance at 01 July 2020	26,795	1,138,325	1,165,120
Adjustments	(211)	16,252	16,041
Additions	40	472,825	472,865
Balance at 30 June 2021	26,624	1,627,402	1,654,026
Amortisation			
Balance at 01 July 2020	621	222,905	223,526
Charge for the year	635	288,453	289,088
Balance at 30 June 2021	1,256	511,358	512,614
Net Carrying Value at 30 June 2021	25,338	626,967	1,141,411

ii. Lease Liabilities:

	Land ETB'000	Building ETB'000	Total ETB'000
Recognition on initial application at 01 July 2020	6,119	249,026	255,145
Adjustments	40	56,203	56,244
Additions	-	15,517	15,517
Interest expense in P & L	53	26,748	26,801
payment of leases	(162)	(65,793)	(65,955)
Balance at 30 June 2021	6,050	281,702	287,752

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 2021 was 10.81%. The adjustments are occurs due to changes in Incremental borrowing rate (IBR).

The Bank leases buildings for its office space and branches. The building leases typically run for a period between 2 and 15 years with the 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.



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For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



	Purchased software ETB'000
21 Intangible assets-Computer software	
Cost:	
As at 1 July 2019	176,962
Acquisitions	13,170
As at 30 June 2020	190,132
As at 1 July 2020	190,132
Acquisitions/ Disposal	52,628
As at 30 June 2021	242,760
Accumulated amortisation	
As at 1 July 2019	136,881
Amortisation for the year	30,228
Impairment losses	-
As at 30 June 2020	167,109
As at 1 July 2020	167,109
Amortisation for the year	16,623
Impairment losses	-
As at 30 June 2021	183,732
Net book value	
As at 1 July 2019	40,081
As at 30 June 2020	23,023
As at 30 June 2021	59,028



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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
Cost:							
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)
Reclassifications	-	-	-	22,059	(6,849)	(17,760)	(4,550)
As at 30 June 2020	4,391	1,597,388	534,275	865,824	495,097	379,285	3,876,260
As at 1 July 2020	4,391	1,597,388	534,275	865,824	495,097	379,285	3,876,260
Adjustments	-	-	-	-	-	-	-
Additions	-	186,913	26,380	231,203	72,596	62,237	579,329
Disposals	-	-	(6,034)	(21,320)	(284)	-	(27,638)
Reclassification	-	-	-	77,148	14,895	-	92,043
As at 30 June 2021	4,391	1,784,301	554,621	1,152,855	583,304	441,522	4,519,994
Accumulated depreciation							
As at 1 July 2019	-	79,920	165,694	252,920	204,148	-	702,682
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)
As at 30 June 2020	-	114,387	201,389	324,605	259,727	-	900,108
As at 1 July 2020	-	114,387	201,389	324,605	259,727	-	900,108
Depreciation Charge for the year	-	34,370	47,274	96,940	62,953	-	241,537
Adjustments/ Transfer charge	-	-	-	(2,229)	2,337	-	108
Disposals	-	-	(3,989)	(13,444)	(251)	-	(17,684)
As at 30 June 2021	-	148,757	244,674	405,872	324,766	-	1,124,069
Accumulated impairment							
As at 1 July 2019	-	-	-	217	514	-	731
Charge/ Reversal for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
As at 30 June 2020	-	-	-	217	514	-	731
As at 1 July 2020	-	-	-	217	514	-	731
Charge/ Reversal for the year	-	-	-	(48)	-	-	(48)
Disposals	-	-	-	169	514	-	683
As at 30 June 2021	-	-	-	-	-	-	-
Net book value							
As at 1 July 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
As at 30 June 2021	4,391	1,635,544	309,947	746,814	257,024	441,522	3,395,242



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Notes to the Financial Statements (Continued)



	30 June 2021 ETB'000	30 June 2020 ETB'000
23 Deposits from customers		
Demand deposits	31,234,917	19,260,393
Savings deposits	57,417,730	41,709,853
Time deposits	6,118,021	5,655,946
Amana Deposit-Demand Private Sector	1,639,220	806,706
Wadi'ah-Saving Private Sector	5,834,894	3,142,138
Wadi'ah -Labbaik Account	7,062	1,384
Wadi'ah -Student Solution	9,103	1,484
Equity Investment A/C Holders	20,003	-
	102,280,950	70,577,904
Maturity analysis		
Current	60,429,680	28,726,634
Non-Current	41,851,270	41,851,270
	102,280,950	70,577,904
24 Borrowings		
	30 June 2021 ETB'000	30 June 2020 ETB'000
Short term borrowings	208,803	-
	208,803	-
The Bank entered a one year Master Loan Agreement with NBE at an annual interest rate of 5% as a reimbursement to the credit extended to Hotel and Tourism Sectors to cope with the COVID-19 pandemic.		
25 Other liabilities	30 June 2021 ETB'000	30 June 2020 ETB'000
Financial liabilities		
Deferred income	177,360	56,980
Interest payable	-	23
Letter of credit margin payables	5,793,250	3,688,150
Blocked accounts	15,575	13,061
Cheques issued	305,471	252,119
Exchange commission payable	180,257	91,917
Accounts payable	921,510	668,209
Loss Allowances on off Balance Sheets	747	97
Gross amount	7,394,170	4,770,556



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For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



25 Other liabilities (Continued)

	30 June 2021	30 June 2020
	ETB'000	ETB'000
Non-financial liabilities		
Accruals	336,924	217,356
Directors' Allowance	1,740	1,637
Accrued Audit fee	798	665
Accrued liabilities-Bonus	381,000	280,151
provision for doubtful debt- litigation Cases	1,318	-
Provision for doubtful debt and assets damage- North Ethiopia conflict	201,758	-
Other payables	8,136	11,810
Tax payable	121,269	69,216
Gross amount	1,052,943	580,835
	8,447,113	5,351,391

Maturity analysis

Current	2,653,863	1,663,241
Non-Current	5,793,250	3,688,150
	8,447,113	5,351,391

Provision for doubtful debt and assets damage- North Ethiopia conflict - As a result of conflict in the Northern Part of Ethiopia in Tigray Region, the management of the Bank has made prudential judgements and estimates on the loss occurrence on the assets of the Bank. As a result, the Bank has made a total provision of ETB 201.758 million for the expected losses as detailed below:.

		Assets Balance as at 30 June 2021	Provision held as at 30 June 2021
Class of Assets	% of Estimated Losses	ETB'000	ETB'000
Cash and Bank Balances	40%	40,216,591.09	16,086,636.44
Property and Equipment	30%	18,065,534.47	5,419,660.34
Loans and Advances	25%	721,006,524.82	180,251,631.20
		779,288,650.38	201,757,927.98

The loans and advances are secured with a collateral values of more than ETB 818.994 million.

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



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For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



26 Severance and Retirement benefit obligations

	30 June 2021	30 June 2020
	ETB'000	ETB'000
Defined benefits liabilities:		
- Gratuity (note 26a)	119,963	21,371
Liability in the statement of financial position	119,963	21,371
Income statement charge included in personnel expenses:		
- Gratuity (note 26a)	94,345	5,285
Total defined benefit expenses	94,345	5,285
Remeasurements for:		
- Gratuity (note 26a)	4,435	(3,759)
	4,435	(3,759)

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

<i>Maturity analysis</i>	30 June 2021	30 June 2020
	ETB'000	ETB'000
Current	94,345	5,285
Non-Current	25,618	16,086
	119,963	21,371

26a Severance and Gratuity

The employee benefit plan is made up of two (2) unfunded schemes which are severance benefits that are paid on voluntary withdrawal and retirement gratuity paid on retirement. These plans have been aggregated in determining the retirement benefit obligation as the inherent risks applicable to these plans have been assessed not to be materially different.

The key financial assumptions are the discount rate and the rate of salary increases. The provision for gratuity was based on an independent actuarial valuation performed by QED Actuaries & Consultants (Pty) Ltd using the projected unit credit method.

The Bank does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallise.



AWASH INTERNATIONAL BANK S.C.

Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



26 Severance and Retirement benefit obligations (Continued)

(i) Severance gratuity benefit

The severance benefits are based on statutory severance benefits in Ethiopia. The statutory severance benefits are set out in Labour Proclamation No. 1156/2019. This benefit is summarised below:

Clause 39 (1) (h) of the Labour Proclamation sets out that any worker who has completed their probation and who is not eligible for pension is entitled to a severance benefit:

h) Where he has given service to the employer for a minimum of five years' service and his contract of employment is terminated because of sickness or death or his contract of employment is terminated on his own initiative provided that he has no contractual obligation relating to training to render service to the employer

Clause 40 of the Labour Proclamation sets out the amount of the benefit, as follows:

The benefit applicable would be:

- thirty times the average daily wages of their last week of service for the first year of service, with part-years pro-rata, plus
- ten times the average daily wages of their last week of service for each completed year of service after the first.

To a maximum of one years' wages payable to the member. Where the Company closes or reduces its work force, an additional multiple of sixty times the average daily wages of their last week of service is payable.

Bank Paid Benefits

The bank valued severance benefits payable on death or resignation after a minimum of 5 years' service only for all employees, as it is applied by the Bank.

Furthermore, one months' salary is divided by 30 to get the daily salary applied in the severance benefit calculation.

(ii) Retirement gratuity scheme

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 scheme is not funded hence, there are no plan assets.

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

	30 June 2021	30 June 2020
	ETB'000	ETB'000
A Liability recognised in the financial position	119,963	21,371



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Financial Statements
For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



26 Severance and Retirement benefit obligations (Continued)

	30 June 2021	30 June 2020
	ETB'000	ETB'000
B Amount recognised in the profit or loss		
Current service cost	1,946	2,295
Past Service cost	88,991	-
Interest cost	3,408	2,990
	94,345	5,285
	30 June 2021	30 June 2020
	ETB'000	ETB'000
C Amount recognised in other comprehensive income:		
Actuarial (Gains)/Losses on demographic assumptions	-	-
Actuarial (Gains)/Losses on economic assumptions	1,177	(9,375)
Actuarial (Gains)/Losses on experience	5,159	4,005
	6,336	(5,370)
Deferred tax (liability)/asset on remeasurement gain or loss	(1,901)	1,611
	4,435	(3,759)
	30 June 2021	30 June 2020
	ETB'000	ETB'000
D Changes in the present value of the defined benefit obligation		
The movement in the defined benefit obligation over the years is as follows:		
At the beginning of the year	21,371	21,794
Current service cost	1,946	2,295
Past Service cost	88,991	-
Interest cost	3,408	2,990
Retirement benefit paid	(2,089)	(338)
Remeasurement (gains)/ losses	6,336	(5,370)
At the end of the year	119,963	21,371

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2021	30 June 2020
Discount rate (p.a)	15.80%	12.50%
Long term salary increases (p.a)	10.00%	12.00%
Average Rate of Inflation (p.a)	12.00%	10.00%



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Financial Statements
For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



26 Severance and Retirement benefit obligations (Continued)

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 2021		30 June 2020		
	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%	105,615	136,441	18,932	24,149



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For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



(i) Severance and Retirement benefit obligations (Continued)

	Impact on current service cost				
	30 June 2021		30 June 2020		
	Change in assumption	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%	136,754	105,134	1,724	2,199

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 2020: five years).

27 Share capital		30 June 2021	30 June 2020
		ETB'000	ETB'000
Authorised:			
Ordinary shares of ETB 1,000 each		12,000,000	6,000,000
Issued and fully paid:			
Ordinary shares of ETB 1000 each		8,188,948	5,848,271
28 Share Premium		30 June 2021	30 June 2020
		ETB'000	ETB'000
At the beginning of the year		1,389	1,389
Addition during the year		-	-
		1,389	1,389



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For the year ended 30 June 2021
Notes to the Financial Statements (Continued)



29 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 2021 ETB'000	30 June 2020 ETB'000
Profit attributable to shareholders	3,395,749	2,591,155
Weighted average number of ordinary shares in issue	7,219,267	5,080,844
Basic & diluted earnings per share (ETB)	470	510

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 2020:nil), hence the basic and diluted earnings per share have the same value.

30 Retained earnings

	30 June 2021 ETB'000	30 June 2020 ETB'000
At the beginning of the year	2,944,729	2,626,445
Tax on Retained Earnings	(8,984)	(23,305)
Tax on interest income on foreign deposit	(536)	(419)
Opening Balance adjustment	-	(10)
Profit/ (Loss) for the year	3,395,749	2,591,155
Transfer to Legal reserve	(848,937)	(647,789)
Transfer from/to Risk Regulatory Reserve	(48,837)	107,290
Directors' allowance	(1,706)	(1,637)
Dividend declared	(1,872,107)	(1,707,001)
At the end of the year	3,559,371	2,944,729

31 Legal reserve

	30 June 2021 ETB'000	30 June 2020 ETB'000
At the beginning of the year	2,894,038	2,246,249
Transfer from profit or loss	848,937	647,789
At the end of the year	3,742,975	2,894,038

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.



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Financial Statements

For the year ended 30 June 2021

Notes to the Financial Statements (Continued)



	30 June 2021	30 June 2020
	ETB'000	ETB'000
32 Risk regulatory reserve		
At the beginning of the year	209,872	317,162
Transfer to/from Retained Earnings	48,837	(107,290)
At the end of the year	258,709	209,872

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the National Bank of Ethiopia (NBE) Directives. This is at variance with the expected credit loss model required by IFRS under IFRS 9. As a result of the differences in the provision, there will be variances in the impairments allowances required under the two methodologies. Similarly, interest on non-performing loans are suspended as per NBE directive, while IFRS 9 prescribes to recognize stage 3 loans interest income net of impairment losses.

The proclamation 'Financial Reporting Proclamation No.847/2014 stipulates that Banks would be required to make provisions for financial assets 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 & advances and other assets are recognised in the income statement 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 are treated as follows:

- Prudential provisions is greater than IFRS provisions; the excess 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.
- Interest suspended in the previous years and regularized in the current year is compared with current year stage 3 loans interest income recognized net of impairment losses. The difference between the two is transferred to "regulatory risk reserve".

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



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Notes to the Financial Statements (Continued)



33 Other reserves		30 June 2021	30 June 2020
		ETB'000	ETB'000
At the beginning of the year		69,897	55,621
Fair value reserve		34,892	10,517
Re-measurement gains on defined benefit plans (net of tax)		(4,435)	3,759
At the end of the year		100,354	69,897
34 Cash generated from operating activities		30 June 2021	30 June 2020
	Notes	ETB'000	ETB'000
Profit before tax		4,823,110	3,599,646
Adjustments for non-cash items:			
Foreign exchange gains/losses	8	(755,638)	(429,321)
Depreciation of property, plant and equipment	22	244,016	201,442
Amortisation of intangible assets	21	16,623	30,228
Amortisation of Right of Use Assets	20	289,088	223,526
Investment in associate	18	110	(673)
Gain/Loss on disposal of property, plant and equipment		(82,137)	4,575
Adjustments on property, plant and equipment reclassification	22	(2,371)	(10)
Adjustments on changes in lease amortization	20	40,202	-
Impairment on loans and advances to customers	16	512,237	589,671
Loans and advances - Bad Debts Write Off	16	-	(2,739)
Impairment on other assets	10	4,015	(1,396)
Receivables - Bad Debts Write Off	10	-	(478)
Impairment on cash, bills and bonds		1,081	(361)
Impairment on off balance sheet items	13	650	(108)
Interest expense on Lease Liability	20	26,801	22,011
Retirement benefit obligations	26	94,345	5,285
Changes in working capital:			
-Decrease/ (Increase) in loans and advances	16	(30,265,007)	(10,012,207)
-Decrease/ (Increase) in restricted deposits	15	(1,700,000)	(600,000)
-Decrease/ (Increase) in other assets	19	(1,240,851)	(260,157)
-Increase/ (Decrease) in Borrowings		208,803	-
-Increase/ (Decrease) in other liabilities	25	3,095,084	943,225
-Increase/ (Decrease) in customer's deposit		31,703,046	10,961,852
		7,013,208	5,274,011



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Notes to the Financial Statements (Continued)



35 Related party transactions

Awash International Bank Share Company is owned by over 5,624 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 with related party in the normal course of business. These are disclosed below:

35a Transactions with related parties	Relationship	30 June 2021 ETB'000	30 June 2020 ETB'000
Income received from PSS	Associate	1,335	2,007
Payment made to PSS	Associate	(20,919)	21,277
Net Transaction		(19,584)	23,284
	<u>management personnel</u>		
	Board of Directors	894,600	963,800
Loans and advances	Executive Management	11,980	8,820
		906,580	972,620

35b 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 2021.

	30 June 2021 ETB'000	30 June 2020 ETB'000
Salaries and short term benefits	23,030	26,924
Post-employment benefits	3,643	3,500
Board allowances	2,183	2,830
Share and benefit in kind	112,901	-
Other long term benefits	27,197	8,119
	168,954	41,373

Compensation of the Bank's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans. During the year, the Board of Directors approves shares and other benefit in kind to the lower, middle and top managements of the Bank.



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Financial Statements

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Notes to the Financial Statements (Continued)



36 Contingent assets and liabilities

36a Claims and litigation

The Bank is a party to numerous legal actions brought by different organizations and individuals arising from its normal business operations. Other the other hand, the Bank has various litigation claims arising from its normal business operations. The maximum outflow and inflow of exposure from/to the Bank for these legal cases as at 30 June 2021 is ETB 8.416 million and ETB 83.572 million respectively.

36b Guarantees and letters of credit

The Bank conducts business involving 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 2021 ETB'000	30 June 2020 ETB'000
Guarantees	3,238,875	1,085,624
Letters of credit	7,060,194	4,211,020
	10,299,069	5,296,644
37 Commitments		
Loan commitments	5,129,288	4,387,680
Other commitments	1,586,895	679,288
	6,716,183	5,066,968

The Bank has commitments, not provided for in these financial statements for the year 30 June 2021 is ETB 13.547 billion (30 June 2020: ETB 5.297 billion), being exposure of the Bank from commercial letters of credit and guarantees to customers. Other commitments represent commitments made in respect of the estimated cost to complete the Bank's construction work in progress.



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Notes to the Financial Statements (Continued)



37 Commitments (Continued)

37a Lease commitments - Bank as lessee

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

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

	30 June 2021	30 June 2020
	ETB'000	ETB'000
No later than 1 year	143,229	34,697
Later than 1 year and no later than 5 years	128,343	287,136
Later than 5 Years	600	8,733
Total	272,172	330,566

37b Lease commitments - Bank as lessor

The Bank acts as lessor of office spaces. 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 2021	30 June 2020
	ETB'000	ETB'000
No later than 1 year	31,569	18,937
Later than 1 year and no later than 5 years	110	5,086
Later than 5 Years	-	-
Total	31,679	24,023



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38 Events after reporting period

Following the conflict arose on the northern part of Ethiopia in Amhara Regional Government, 11 branches of the bank out of the Bank's 566 branches are closed. The conflict has its own impact on the security of these assets. The assets of these branches are:

	30 June 2021
	ETB'000
Cash and bank balances	14,998
Loans and Advances	116,035
Property and Equipment	14,574
	<u>145,607</u>

39 Reconciliation of Ethiopian Government bills

	30 June 2021
	ETB'000
Ethiopian Government bills (in the beginning)	9,922,424
Prior Period Adjustment:	
Rectification of Accrued Interest Receivables on NBE Bills	(7,366)
Adjusted Ethiopian Government bills	<u>9,915,058</u>

40 Reconciliation of Retained Earnings

	30 June 2021
	ETB'000
Retained Earning (in the beginning)	2,633,811
Prior Period Adjustment:	
Rectification of Income on NBE Bills	(7,366)
Adjusted Retained Earning	<u>2,626,445</u>

Interest income on NBE bills is recognised using the Effective Interest Rates as per IFRS 9. Accrued interest of NBE bills and the related interest income was previously overstated by ETB 7.366 million, which is now adjusted as prior period adjustment by reinstating the opening balances.



Financial Highlight, Number of Branches and Employees

In millions of Birr unless stated other wise

Particulars	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Deposits*	9,565	13,105	16,118	19,506	24,236	32,893	45,906	62,464	70,578	108,074
Loans & Advances **	5,505	7,710	9,176	12,482	15,451	22,646	31,304	47,262	57,274	87,539
NBE bills	2,485	3,146	4,067	5,365	5,306	8,355	6,993	11,221	9,915	9,916
Total Assets	13,125	17,784	22,106	25,140	31,148	40,027	55,268	74,635	89,288	128,695
Capital & Reserves (Total Equity)	1,651	2,066	2,597	3,185	3,934	5,424	6,496	9,640	11,968	15,852
Profit Before Tax	531	583	829	861	986	1,350	1,964	3,344	3,600	4,823
Profit After Tax	394	439	619	669	744	1,003	1,492	2,432	2,591	3,396
Earnings per share (Birr)		456	475	445	371	390	543	632	510	470
No. of Branches (in no.)	86	115	150	202	240	316	366	410	466	566
No. of Employees (in no.)	3,219	4,011	4,787	5,847	6,003	6,772	7,872	9,046	10,130	12,188

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
ABADO MESKELEGNA	
ABUWARE	
ADDIS KETEMA	
ADDISU GEBEYA	
ADEY ABEBA	
AFRICA ANDINET	
AFRICA AVENUE	
AIRPORT	
AKAKI	
AKAKI GEBEYA	
AKAKI GELAN	
AKAKI KALITY	
ALEM BANK	
AMANUEL TOTAL	
ANFO	
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	
BOLE MICHAEL ADEBABAY	
BOURAYOU KETA	
BULBULA 93 MAZORIA	
BULGARIA MAZORIA	
BURKA WAYU	
CAMEROON AVENUE	
CHURCHIL ROAD	
CMC	
D'AFRIQUE	
DEJAZMACH BALCHA SAFO	
DESIE BER	

BRANCH	NAME
DIL GEBEYA	
DUBAI TERA	
ECA AKABABI	
EDGET	
ENDERASE	
ERTU LEBU	
FERENSAY LEGASION	
FILAMINGO	
FINFINE (3 ATMs)	
FIT BER	
GEJA SEFER	
GENET HOTEL	
GERJI	
GERJI GIORGES	
GLOBAL AKABABI	
GOFA GEBREAL	
GOFA MEBRAT	
GOFA SEFER	
GOJAM BER	
GORO BESHAE	
GOTERA	
GULELE	
GULELE FINANCE	
GULELE PAULOLOS	
GURD SHOLA	
GURD SHOLA JACKROS	
HABTE G.DILDIY	
HANNA MARIAM	
HARBO GUDO	
HAYA HULET MAZORIA	
HAYA HULET WUHALIMAT	
HAYAT 49	
HAYAT ADEBABAY	
HAYAT ARABSA	
HEAD OFFICE (2 ATMs)	
HURBU GUDO	
IMPERIAL AKABABI	
JACKROS	
JEMMO	
JEMMO MICHAEL	
KAGNEW SHALEKA	
KALITI GEBIRIEL	
KALITI GUMRUK	
KARA KORE	

BRANCH	NAME
KARA MAZORIA	
KARA ROAD	
KARALLO	
KARL SQUARE	
KAZANCHIS	
KEBENA	
KECHENE	
KECHENE CHILOT	
KILINTO	
KIRKOS 45	
KIRKOS AKABABI	
KIRKOS RICHE	
KOKEB	
KOLFE	
KOLFE ATENA TERA	
KOLFE LUKANDA	
KORIYA HOSPITAL	
KOTEBE (2 ATMs)	
KOTEBE 02	
KUAS MEDA	
LAFTO	
LAMBERET	
LEBU	
LEGEHAR	
LIDETA	
MEGENAGNA	
MEGENAGNA HAYA HULET	
MEHAL ARADA	
MEHAL GEBEYA	
MEHAL GOFA	
MEKANISA	
MEKANISA ABBO	
MEKANISA KORE	
MELKA SHENO	
MERKATO	
MESALEMIA	
MESKEL FLOWER	
MEXICO	
MIKYLILAND	
MILINIUM	
MOENCO	
NIFAS SILK	
OLOMPIA	
PIASSA	
ROBERA	

BRANCH	NAME
RUWANDA EMBASSY	
SALLO GORA	
SANFORD	
SANSUSSI	
SARBET	
SARIES	
SARIES ADDIS SEFER	
SEBATEGNA	
SHALLA	
SHEGER	
SHEGOLE	
SHIRO MEDA	
SIDAMO TERA	
SIDEST KILO	

BRANCH	NAME
SIGNAL	
STADIUM	
STADIUM ZURIA	
SUMMIT	
SUMMIT 72	
TEKILE HAIMANOT	
TEMENJA YAJ	
TORHAILOCH	
TRAFICKTSEFETBET	
URAEI	
URAEI NIGEST SEFER	
WELETE	
WELLO SEFER	
WORKU SEFER	

BRANCH	NAME
WOSEN SEFER	
WUHALIMAT	
WUHALIMAT 22	
YARED	
YEKA	
YEKA ABADO ADEBABAY	
YEKA ABADO G7	
YERER BER	
YESH DEBELE SEFER	
YOSEPH	
YUSRA	
ZENEBWORK	

ATMs' Located at Awash Bank Branches Outside Addis Ababa

BRANCH NAME
ABA SENA
ABAJIFAR
ABAY MADO
ABOSTO
ADA'A (2 ATMS)
ADABA
ADAMA (3 ATMS)
ADAMA RAS
ADI HAQI
ADIGRAT
ADOLA
AGARO
AGARO GOMMA
ALABA KULITO
ALAMATA
ALAMURA
ALELLTU
ALEMGENA
ALETA WONDO
AMBO
ANFO
ANGER GUTE
ARBA MINCH
AREKA
ARERTI
ARSI NEGELE

BRANCH NAME
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

BRANCH NAME
BOKE
BONGA
BOSSET
BOTE
BUANBA WUHA
BULE HORA
BURAYU MARIAM
BURE DAMOT
BURQA JATO
BUTAJIRA
CHAGNI
CHANCHO
CHEFE DONSA
CHELENQO
CHILALO
CHIRO
CHORA
DALLE DEMBEL
DAMBI (BISHOFTU)
DANGELA
DEBRE BIRHAN
DEBRE MARKOSE
DEBRE TABOR
DEDERE
DEMBELA
DENBI DOLO

BRANCH NAME
DERA
DERA GUNDO MESKEL
DERARTU ADEBABAY
DESSIE
DILA
DIRE DAWA
DODOLA
DOLOMENA
DUKEM
EDAGA HAMUS
EDAGA MEKELLE
EJAJI
ENJIBARA
ETEYA
FICHE
FINCHWHA
FINOTE SELAM
FURI
GAMBELLA
GAMBELLA NEW LAND
GANDA GARA
GAST SOLAR
GEDO
GEFERA GIJI
GEFERSA NONO
GELAN
GELEMSO
GERBA GURACHA
GIDA AYANA
GIDAMI
GIMBI
GINCHI
GINIR
GIREGNE
GISH ABAY
GOBA
GOBESSA
GODENA SELAM
GONBORA
GONDER
GONDER AZEZO
GONDER FASILEDES
GRAWA
GUDATU ARJO
GUDER
GUDRU
GULISO

BRANCH NAME
HAFETES A(D.DAWA)
HARAR
HARAR ARATEGNA SEFER
HARAR HUNDENE
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
JIREN
KACHISI
KECHEMA
KEMISE
KERCHA
KERSA
KERSA
KEZIRA
KOBO
KOKA
KOMBOLCHA
LALIBELA
LEGE ODA
LEGE TAFO
LEKA
LEMMAN
LIMU
LOGIA
MADA WOLABU
MAMBOOK
MARAKI
MASHA

BRANCH NAME
MECHARA
MEDE AGAME
MEKANESELAM
MEKELE
MEKELE JIBRUK
MEKI
MELKA GEFERSA
MENDI
MERHAWI
MERSA
METAHARA
METTU
MIZAN TEPI
MODJO
MOTTA
MOYALE
MUGAD
MUGER
MUGI
MUKATURI
NEDJO
NEGELLE
NEKEMTE
NOLE QABA
ODA (NEKEMTE)
ODA BULEQE (
ODO LIBAN (AMBO)
OLENCHITI
SABIEN SEFER BR .
SAR TERA
SEBETA
SEMERA
SENDAFA BEKE
SEQOTA
SHAKISO
SHAMBU
SHASHEMENE
SHENEN GIBE
SHENO
SHESHENCHO
SHEWA ROBIT
SHIRE ENDESELASE
SIBU SIREE
SOF OMER
SULULTA
TABOR
TEPI

BRANCH NAME
TONNA
TOSSA
TULU BOKE
TULU BOLO
TULU EJERSA
WARA JARSO
WECHETCHA

BRANCH NAME
WELAYITA SODO
WELENCHETI
WELLISO
WERABE
WERETTA
WESERBI
WOLDIYA

BRANCH NAME
WOLKITE
WONDO BASHA
WUKRO
YA'ABELO
YAYO
YEBU
ZENBABA

LOBBY ATMs

ATM Location	City
ABEBE ZEKEKE 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 ATM 01	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
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	ARABA MINCH
HALELUYA HOSPITAL	ADDIS ABABA
HARMONY HOTEL (2 ATMS)	ADDIS ABABA

ATM Location	City
HERMON CAFE	ADDIS ABABA
HILTON ADDIS ABABA	ADDIS ABABA
HOTEL SALAYISH	MIZAN TEFERI
INTERCONTINENTAL HOTEL	ADDIS ABABA
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 MALL (MEGENAGNA ADEBABAY)	ADDIS ABABA

AWASH BANK BRANCH ADDRESS BY REGION

1. North Addis Ababa Region

No	Name	Telephone No.	Fax
	Regional Office	011-530-3001/06	
1	Abado Meskelegna	011-869-4044	
2	Abuare	011-557- 6901/6836	011-557- 6910
3	Addisu Gebeya	011-126 -8100/8072	011-126- 8099
4	Aleltu	011-631-0710/0578	011-631-0632
5	Alem ketema	011-132-1058/1146	
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	Awelia- IFB	011-273-1995/1210	
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	Hidabu abote	011-118-0862/66	
25	Kara allo	011-667-8906/667 8859	011-667-8894
26	Kara Mazoria	011-668- 0350/51	011-668- 0549
27	Kara Road	011-667 -0260/0189/0179	011-667 -0257
28	Kebena	011-154- 4006/08/07/15	011-154- 4012
29	Kechene	011-126-7677/70 13	011-126-6856
30	Kechene Chilot	011-126-3490/91	011-126-3492
31	Kotebe	011-647 -5400/645 6275	011-645- 6274
32	Kotebe 02	011-667-6286/6366	
33	Lamberet	011-667- 5431/64/5397	011-667- 5427
34	Legetafo	011-829-0748/637 5076	011-637-5081
35	Megenagna	011-618 -2774/2669	011-618- 2772
36	Megenagna Adebabay	011-667- 3737/3637	011-667 -3799
37	Mehal Arada	011-111 -9226/15/34/1558	011-156- 0883
38	Mehal Meda	011-685-0852/0936	
39	Molale	011-622-0550/34	
40	Mukaturi	011-134-0826/89	011-134-0615

41	Piazza	011-111- 9454/2470/1674	011-111 -2254
42	Ras Desta	011-273-6570/6927	
43	Ruphael	011-259 -1958/1863/1629	011-259- 1971
45	Sanford	011-154-3663/4529	011-154-4645
46	Semen Mazegaja	011-126-3740/011-126-3626	
47	Sendafa Beke	011-638-7456/7782	011-638-7392
48	Sheger	011-155- 8938/157 0047	011-157- 0034
49	Shegole	011-259 -0346/0224/0475	011-259- 0379
50	Sheno	011-687- 0635	011-687- 0500
51	Sherero	011-133-0831/07-07	
52	Shiro Meda	011-154-3513/5152	011-154- 3199
53	Shola Meskelegna	011-658-9280/8377	
54	Sidist Killo	011-126-1046/54	011-126- 0997
55	Signal	011-667- 2011/65	011-667 -2017
56	Sululta	011-161- 7134/38/46/41	011-161- 7154
57	Tebase	011-637-5459/6200	
58	Traffic Tsihfetbet	011-661- 6454/618 9164	011-618 -8718
59	Wara Jarso	011-187- 0710/04	011-187- 0816
60	Wedessa	011-532-1204/05	
61	Weserbi	011-862- 5503	
62	Wosen sefer	011-668-0065/67	011-667- 8239
63	Yared	011-126-1403/1553	011-126- 0188
64	Yeka	011-667- 4049/68/859 2248	011-667- 3520
65	Yeka Abado	011-872 1957	
66	Yeka Megenagna	011-668-7179/70	

2. South Addis Ababa Region

	Regional Office	011-470-8426	011-470-2826
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
5	Ameya	011-315-0147/0559	
6	Bambis	011-557-6976/73	011-557-6971
7	Beklobet	011-466- 8575/2354	011-416-6878
8	Bu'l	091-024-5038	
9	Bulgaria Matoria	011-554- 0014/0292	011-554 -0311
10	Burka Wayu (Haile Garment)	011-471- 1861/1021	
11	Butajera	046-115-1028/0705	046-115-0927
12	Dil Gebeya	011-372- 0820/17/18	011-372 -0839
13	ECA Akababi	011-558-9297/8637	011-558- 6478

No	Name	Telephone No.	Fax
14	Enderase	011-557-6270/71	011-557- 6273
15	Ertu Lebu	011-471-3530	011-471-3865
16	Finfine	011-557- 0107/0200	011-557- 0113
17	Fitber	011-557 -2149/82	011-557- 2215
18	Flamingo	011-526-0416/0221	
19	Furi	011-367- 9087/32/9108	011-367 -9092
20	Genet branch	011-554- 0256/43	011-554- 0033
21	Global Akababi	011-470- 2412/2368	011-470- 1368
22	Gofa Gebriel	011-467-4565/63/67	011-467- 4561
23	Gofa meberat haile	011-470- 3392/78/59/69	011-470- 3393
24	Gofa Sefer	011-465 -3691/466 9811	011-416- 0357
25	Gotera	011-467- 0392/896 3915	011-467 -0576
26	Hana Mariam	011-471-1297/71	011-471-1453
27	Hayu	011-558-3080/1885	
28	Hurbu	011-471-3327/39-24	011-471-3643
29	Jemmo 2	09-11-56-02-60	
30	Jemmo Michael	011-369- 9602/9957	011-369- 8407
31	Karl Adebabay	011-384-8004/8154	
32	Kazanchis	011-557-0756/57/22	011-557 -0683
33	Kirkos	011-554 -7583/81/85	011-554- 7582
34	Kirkos -45	011-470-5606	011-470-5839
35	Kirkos Richa	011-470-0645/2133	
36	Kute	011-369-3769	
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	Leman	011-363-03-59/60	
41	Liben	011-366-4571/4981	
42	Mehal Gofa	011-467- 1297/ 1574/91	011-467 -1281
43	Mekanisa	011-369-8348/8603	011-369-8325
44	Mekanisa Abo	011-369 0314/27/28	011-369 -0329

No	Name	Telephone No.	Fax
45	Meskel flower	011-466- 9393/467 1527	011-466- 9501
46	Mexico	011-557- 2179/2261	011-557 2259
47	Nifas Silk	011-442-0309/08/4679	011-442 -0958
48	Olompia	011-557- 1190/1240	011-557 -1188
49	Sarbet	011-372- 7391/7806	011-372- 7872
50	Saris	011-443-1272/37	011-443 -1358
51	Saris 58	011-471-1953/69	
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	Teji	011-339-0650/0733	
57	Temnja yaj	011-416 -2720/16	011-416 -2705
58	Tulu Bolo	011-342-1401/02	011-342-1400
59	Tulu Ejersa	011-471- 1735/13	011-471- 1597
60	Tulu Jemmo	011-369-8052/24	
61	Urael	011-554- 0830/31/32/33	011-554- 0836
62	Urael Nigist	011-554-1845/8664	011- 554-3049
63	Wechecha	011-380-4047/48	011-380-4033
64	Weliso	011-341 -3473/74	011-341- 3472
65	Wirtu	011-470-2099/1875	
66	Wolete	011-380-0157/0057	011-380-3007
67	Wolkite	011-365-8169/8384	011-365-8168
68	World Bank	011-515- 3087	011-515 -0601
69	Yoseph	0114-470-8882/0622	011-470-9056

3. East Addis Ababa Region

No.	Name	Telephone No.	Fax
	Regional Office	011-616-055675	011-663-7538
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	Atlas	011-639-3108/3309	
8	Beshale Figa	011-667- 7977/7750	011-667- 7885
9	Bole	011-618- 9522/24/26	011-662- 6387
10	Bole 17	011-660-9002/6632	011-660-0682
11	Bole 18	011-690-2102/2313	
12	Bole 22 Road	011-662 8015/1686	011-618- 3996
13	Bole Aba Sena	011-668-7131/6440	
14	Bole Arabsa	011-813-2063	
15	Bole Bulbula	011-471- 4321	011-471- 4594
16	Bole Medihanealem	011-667 -0347/51	011-667 -0237
17	Bole Michael	011-639 -2022/05/21	011-639- 2023
18	Bole24	011-667 3679	011-667 -3618
19	Bulbula	011-471-4714/4832	
20	Bulbula 93 Mazoria	011-466-2354	
21	Burka Chefe	011-666-3398/3987	
22	Burka Shobe	0936-54-34-86	
23	Camerron Avenue	011-666-2429/2528	
24	CMC	011-667 -5188/55	011-667 5104
25	Dukem	011-432- 0502/0342	011-432 -0523
26	Edget	011-629 -2526/2108	011-629 -2259
27	Gara Gura	011-639-0452/1368	
28	Gelan	011-471- 3470	011-471- 3764
29	Gerji	011-647 -6275/76	011-647- 6274
30	Gerji Georgis	011-639 4000/10	011-639 4002
31	Gerji Mebrat Hail	011-639-4914/5991	
32	Goro Beshale	011-666-0331/668-3482	
33	Gurd Sholla	011-646-1647/1682	011-646- 1231
34	Gurd Sholla Jakros	011-639-5493/648 9244	011-661-7400
35	Harbu Gudo	011-668- 3168/3225	
36	Haya hulet wuha limat	011-660-8443/86 73	011-660-0931
37	Hayahulet Mazoria	011-662-4667/68/618 9938	011-662- 6587
38	Hayat 49 Mazoriahora	0911-30-39-72	
39	Hayat Adebabay	011-639-0305/23	011-639-0314
40	Hayat Arabsa	011-816 0110	
41	Imperial Akababi	011-667-4673/4924	011-667-4838
42	Jacros Figa	011-813-2341	

No.	Name	Telephon55e No.	Fax
43	Jakros	011-667-7069	011-667- 6618
44	Jakros adebabay	011-673-4321/22	
45	Kaliti Gebriel	011-471- 7262/15/65	011-471- 7263
46	Kaliti Gumuruk	011-470- 7279/55/63	011-470- 7286
47	Kilinto	0913-14-95-08	
48	Kokeb	011-667-4463	011-667-3802
49	Korea Hospital	011-629- 3836/3543	011-629 -3150
50	Megenagna 22	011-667-3382/3156	011-667-3363
51	Melka Sheno (Tulu Dimtu)	011-471- 5646/6890	011-471- 5416
52	Meri Summit	011-667-9757/2736	
53	Millinnium Akababi	011-661- 0087/6838/5695	011-661-5550
54	Moenco	011-667-4448/20	011-667-4469
55	Oda Nebe	011-471-8293	
56	Rwanda Embassy Akababi	011-614- 6678/6758	011-614- 6640
57	Sallo Gora	011-869 -6464/471 6223	011-471-6197
58	Shalla Akababi	011-667- 3820/22/21	011-667- 3718
59	Summit	011-668-0971/0104	011-668-0148
60	Summit 72	011-639-1151/52	
61	Weji	011-813-3981	
62	Wollo sefer	011-557-5855/4020	011-557-4324
63	Worku Sefer	011-471-7498/7949/ 7631	011-471-7631
64	Wuha Limat Akababi	011-618 -1200/9021	011-618 -7829
65	Yerer	011-667-7204/56	011-667-7247

4. West Addis Ababa Region

No.	Name	Telephone No.	Fax
	Regional Office	011-530-3002/16/20	
1	18 Mazoria	0112791444/0112738956/60	
2	Addis Ketema	011-275-8358/57	011-277- 2483
3	Alem Bank Akababi	011-369- 4504/59/65	011-369 4542
4	Amanuel Total	011-273- 6009/46	011-273- 6032
5	Ambo	011-236- 4174/3377	011-236- 5669
6	Anfo	0919-19-5156	
7	Asco	011-273- 0293/94	011-273- 0295
8	Asco Addis Sefer	011-273- 1631/30	
9	Awtobis Tera	011-273- 4417/26/19	011-273-4410
10	Ayer Tena	0911-87-1422	
11	Bethel	011-349-1268/1304	011-349 -1135
12	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
15	Dejazmach Balcha Safo	011-530- 3111/10	011-530 3113
16	Dire Enchini	011-287-0589/99	

No.	Name	Telephone No.	Fax
17	Dubi-Tera	011-273 -2281/90	011-273- 2282
18	Ejere	011-261-0398/0599	
19	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	Hachalu Hundessa	011-260-9645/94	
30	Holeta	011-261- 0004/31	011-261- 0021
31	Jeldu	011-238-0597/0605	011-238-0582
32	Jemmo	011-348 -4007/6070	011-348 -6270
33	Kachisi	011-215-0530/62	011-215-0586
34	Kara Girar Sefer	0913-63-4122	
35	Kara Kore	011-369- 3069/46	011-369 -3067
36	Keraniyo	011-384-1049/48	
37	Ketena Hulet	011-383-5071/72	011-383-5073
38	Kolfe	011-275- 7235/36	011-277- 3376
39	Kolfe Atena Tera	011-273-9722/9119	
40	Kolfe Kuteba	011-273-9063/9674	
41	Kolfe Likuanda	011-273-9494/9492	
42	Kuas Meda	011-276- 0343/45	011-276- 0349
43	Lideta	011-554- 6572/73	011-554- 6571
44	Mehar Gebeya	011-277- 9472/13	011-277 -9307
45	Mekanisa Kore	011-369- 8567/97	011-369-8395
46	Melka Gefersa	011-384-7658/7864	
47	Merkato	011-277- 1666/275 87 33	011-213 -7136
48	Merkato Arategna Mazoriya	0913-07-8604	
49	Merkato Kagnev shaleka	011-273-4542/12	011-273-4538
50	Merkato Tana	011-273-3598/28	011-273-2994
51	Mesalemiya	011-275-8437	011-278 -8195
52	Mierab Merkato	011-273 -4298	011-273- 4315
53	Mikilliland	011-273 -0341/98/57	011-273- 0426
54	Muger	011-218 0662/0371	011-218-0333
55	Oddo Liban	011-260-9925/6672	
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	SidamoTera	011-278 -4118/94	011-278- 4117
61	Tegbare-ed	011-558-6723/9507	

No.	Name	Telephone No.	Fax
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	Zenebework	011-369-7177/78	011-369-7226

5. Head Office Branch

No.	Branches	Telephone No.	Fax
1	Head Office Branch	011- 662-0303 /0985	011-663-7538

6. Adama Region

No.	Name	Telephone No.	Fax
	Regional Office	022-212-6651/64	022-111-1382
1	Abomsa	022-441-1341/40	
2	Ada'a	011-433-8900/86	011-433- 8547
3	Adama	022-111- 8585/84	022-111- 5375
4	Adama Bole	022-211-5247/46	
5	Adama Ras	022-211-6394	022-211-6393
6	Arboye	022-470-0412/0744	
7	Arerti	022-223- 0561/0664	022-223-0719
8	Arsi Robe	022-242-1765/1406	022-242-0042
9	Assela	022-331-2770/2875	022-331- 5622
10	Awash Sebat Killo	022-224- 0274/79	022-224- 0251
11	Bale Gesgar	022-513-7656/7723	
12	Batu	046-441- 2210/52	046-441- 2211
13	Bekoji	022-332-0655	023-332-0080
14	Berecha	022-112 -0481/05	022-112- 7867
15	Bishoftu	011-433- 5382/44	011-437- 0420
16	Boku Shanan (Adama)	0912-94-05-47	
17	Bole Nura Hera	022-453-0637/0863	
18	Boset	022-111 -9027/28	022-111 -9029
19	Bote	022-115- 0503/04	022-115- 0542
20	Chefe Donsa	022-451-05-10	022-451-05-14
21	Chilalo	022-331- 8274/7576	022-331- 8277
22	Cholle	022-454-0561/ 62	
23	Dembela	022-110 -0621	022-110- 0622
24	Dembi	011-430-0563/64	011-430-0569
25	Dera	022-333-0000/09	022-333-0927

No.	Name	Telephone No.	Fax
26	Derartu Adebabay	022-211- 6926	022-211- 5733
27	Dikisis	09-11-26-25-52	
28	Eteya	022-335-0489	022-335-0818
29	Ganda Gara	022-212-1903/48	022-212-2339
30	Gara Baru	011-430-0096/49	
31	Gobessa	022-446-0657	022-446-0657/93
32	Gololcha	0910268137	
33	Huruta	022-334-1233/32	
34	Kechema	022-111- 8302/06	022-111- 8303
35	kersa	022-337-0770/71	022-337-0769
36	Koka	022-499-0192/0205	022-459-0192
37	Meki	022-118 -0044/08	022-118- 0740
38	Metehara	022-226-1213/1311	022-226-1317
39	Modjo	022-116- 0355/0286	022-116- 0473
40	Olenchiti	022-113-1111/10	022-113-1171
41	Sagure	0910-40-06-76	
42	Sar Tera	022-212-0414	022-212-0408
43	Siltana	0910-76-01-21	
44	Wenbera	058-451-0451/50	

7. North Region

No	Name	Telephone no	Fax
	Regional Office	034-241-6522/9241	034-241-6369
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	Edaga Hamus	034-773-0739/0795	034-773-0652
6	Edaga Mekele	034-240-5313/35/04	034-240-5287
7	Elala	034-240-2663/9064	
8	Godana Selam	034-440 -7044/6996	034-440-6997
9	Humera	034-448- 1472	034-448 -1471
10	Jibruk	034-440- 4552	034-440 -4579
11	Meda Agame	034-245-4317/8718	
12	Mekele	034-241- 5212/45	034-241- 8966
13	Shire Endeselasse	034-444 -0590/1238	034-444 -0594
14	Wukero	034-443- 0496/02	034-443- 0238

8. North West Region

No	Name	Telephone no	Fax
	Regional Office	058-320-4168/2847	058-320-3148
1	Abay Mado	058-321-2081/3197	058-321-0110
2	Adet	058-338-1074/73	
3	Azezo	058-114 -1222/1163	058-114 -0879
4	B/Dar Ghion	058-320-9510/9692	058-320-8986
5	Bahir Dar	058-220- 0671	058-222 -1147
6	Bahir Dar Gebeya	058-320-9510/9692/ 986	
7	Bichena	058-665- 1580	
8	Bure Damot	058-774-1073/1148	058-774-1196
9	Chagni	058-225 -0458/0179	058-225 -0532
10	Dangila	058-221-1820/1731	058-221-2143
11	Debark	058-417-8421/3518	
12	Debre Markos	058-771-2328	058-771- 4225
13	Debre Tabor	058-141- 0303/46	058-141 -0355
14	Dur Bete	058-556-5764/65	
15	Este	058-447 16 98	058-447-16-18
16	Fasiledes	058-211 46 21	
17	Fenote Selam	058-775-2113/14	058-775-2115
18	Ginde Woin	0918-59-7298	
19	GishAbay	058-226- 6467/3863	058-222- 0073
20	Gonder	058-111- 4867	058-111 -8044
21	Injibara	058-227- 0807/09	058-227- 0804
22	Jawi	058-278- 0401/02	058-278- 0403
23	Kidame Gebeya	0922-71-0665	
24	Kuch	058-289-0445/46	
25	Lumame	058-772-0729/28	
26	Mambuk	058-263-05-67	
27	Maraki	058-211 -5081/57	058-211- 5062
28	Merawi	058-330- 0988/0969	
29	Metema Yohannes	058-555- 5651	058-555- 5509
30	Motta	058-661-1974/2074	
31	Nefas Mewucha	058-445-1826/1792	
32	Tana (B/Dar)	0905-20-9111	
33	Tilili	0912-90-8010	
34	Wenbera	058-451-0451/50	
35	Woreta	058-446-1641/1491	
36	Zembaba (B/Dar)	058-320-6924	

9. South Region

No	Name	Telephone No.	Fax
	Regional Office	046-212-6160	046-212-6702
1	Abaro	0912-99-87-04	
2	Abaya	046-326-6162/6534	
3	Abosto	046-211 -5077	046-211- 5058
4	Adaba	022-663-1222/65	022-663-1258
5	Adola Weyu	046-335-0059/0607	046-335-0220
6	Alamura	046-212-70-96/63-08	
7	Aleta wendo	046-224-0588	046-224-0630
8	Arsi Negele	046-116- 0127	046-116- 0877
9	Asasa	022-336-0845	022-336-0819
10	Awasho	046-211-7422/5535	046-211-9840
11	Bale Robe	022-665- 1700	022-665 -1975
12	Bansa Daye	046-337-0637/0638	
13	Bule Hora	046-443 -0121	046-443 -0935
14	chembelala	046-212-6656/6929	
15	Dalo Mena	022-668-0039/21	022-668 -0540
16	Dilla	046-331-0370/43	046-331-4107
17	Dodola	022-666-0474/77	022-666-0429
18	Dolo Oddo	046-449-0414/ 0377	
19	Filtu	046-473-0538/48	
20	Gasera	011-557-0163/30	
21	Ginir	022-664- 0065	022-664 -0449
22	Goba	022-661-2613/2929	022-661-4927
23	Haro Welabu (Dilla 2nd)	046-131-0445	
24	Harufa	046-110 -0335/0610	046-110 -0543
25	Hawassa	046-220 -4819/4722	046-220- 4751
26	Hawassa Arab Sefer	046-212-3849	046-212-4811
27	Hawassa Menaharia	046-212- 4021/4162	046-212- 3621
28	Jara	0913-11-1053	
29	Kercha	046-324-2008	046-324-2004
30	Kofele	046-112-0978/0869	
31	Meda Welabu	022-244-2068	
32	Moyale	046-444-1791	047-444-1401
33	Negelle	046-445-2193/90	046-445-2192
34	Shafeta	046-212-6261/6499	
35	Shakiso	046-334-1399/1193	046-334-1348
36	Shashemene	046-110- 6525	046-110- 0014
37	Sofomer	022-665 -2525/3117	022-665-0043
38	Tabor	046-212 -0034/56	046-212- 0068
39	Wondo Basha	046-222- 0427/0515	
40	Yabello	046-446 -0887/0197	046-446- 0311
41	Yirba	046-239-0387/0190	

10. East Region

No	Name	Telephone no.	Fax
	Regional Office	025-411-8016	025-411-1546
1	Afatesa	025-411-0395/88	025-411- 0390
2	Afran Qallo	025-336-0370/38	
3	Awedaye	025-662 -0561/66	025-662-0593
4	Babile	025-665-0607/0614	025-665-0667
5	Bedessa	025-555-0151/0057	025-555-0169
6	Biyo	09-10-73-00-22	
7	Boke	025-230- 0711/0469	
8	Chelenko	025-335- 0586	025-335- 0708
9	Chiro	025-551-1121/1021	025-551- 1022
10	Deder	025-333- 1299/68	
11	Dire Dawa	025-111-4042/80	025-111- 4046
12	Gelemso	025-552- 1328/14	
13	Gode	025-776-1089/1504	025-776-1695
14	Grawa	025-334-0579/31	
15	Harar	025-667-0760/666-616	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	Jigjiga	025-775- 2548/6588	025-775- 2072
21	Kali	025-278 -0270/94	025-278- 0261
22	Kezira	025-211-5222/3760	025-211-0883
23	Lega Odda	025-211-5360/8440	
24	Mechara	025-557- 0561	025-557 -0563
25	Qorahay	09-94-05-92-77	
26	Sabeen Sefer	025-112- 4879	025-111- 2133
27	Shebele	025-278-6855/8206	
28	Togochale	025-882- 0131	025-882- 0217

11. West Region

No	Name	Telephone No.	Fax
	Regional Office	057-660-1263/64	057-660-1260
1	Aba Sena	057 771-2484	
2	Agemsa	057-890-4035	
3	Amuru	057-639-0636	
4	Anger Gute	057-634-0249	057-634-0328
5	Assosa	057-775- 1652	057-775- 1741
6	Ayira	057-577-0698/38	057-557-0555
7	Baco	057-665- 1465/21	057-665 -1494
8	Bambasi	057-441-0677/0734	057-441-0654
9	Begi	057-641- 0441	057-641 -0462
10	Burka Jato	057-660-8129/27	

No	Name	Telephone No.	Fax
11	Chomen Guduru	0910-08-98-79	
12	Dembi Dollo	057-555-2333/1651	057-555 -1277
13	Ejaji	057-550-0612/0602	057-550-0565
14	Enango	057-552-0555	
15	Fincha	057-664- 0151/0069	057-664- 0041
16	Gedo	057-227-0159/0070	057-227-0500
17	Ghimbi	057-771- 0066/0342	057-771- 1022
18	Gida Ayana	057-773- 0691/56	057-773- 0676
19	Gidami	057-780-0800/01	057-780-0802
20	Gudatu Arjo	057-116-0617/0660	057-116-0666
21	Guduru	057-663-0610/11	057-663-0571
22	Guliso	057-778-0278/81	057-778-0286
23	Hababo Guduru	057-445-6669/6030	
24	Haro Limu	057-446-2210/32	
25	Haro Sabu	057-556-0574/0622	057-556-0831
26	Hora Fincha	0928-68-27-95	
27	Jerdaga jarte	057-637-0476	-
28	Jimma Arjo	057-667-0515/31	
29	Jimma Rare	0920-69-70-91	
30	Kamashi	0911-59-84-96	
31	Kumsa Moroda	057-660-1251/2705	
32	Leka	057-661 -1433/02	057-661- 1439
33	Mendi	057-776 -0906/07	057-776- 0910
34	Meziyg	057-447-2020/21	
35	Mugi	057-779-0655/0533	057-779-0844
36	Nejo	057-774- 0492/0287	057-774- 0345
37	Nekemte	057-661- 7092/90	057-661- 5474
38	Nole Kaba	057-632-0662/0714	057-632-0606
39	ODA	057-660-0920/1370	057-660-3256
40	Oda Buluk	022-113-1111/1033	022-113-1171
41	Sayo Nole	047-557-2020/21	
42	Shambu	057-666- 0142/39	057-666- 0152
43	Sibu Sire	057-668- 0921/0917	
44	Uke Kersa	057-447-6143/61	

12. South West Region

No	Name	Telephone No.	Fax
	Regional Office	057-660-1263/64	057-660-1260
1	Aba Jifar	047-211-1733/2794	
2	Ababuna	091-080-5293	
3	Agaro	047-221- 1746	047-221- 1841
4	Asendabo	047-114-0793/0831	

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

13. Dessie Region

No	Name	Telephone no	Fax
1	Regional Office	034-241-6522/9241	034-241-6369
2	Ataye	033-661-0730/1059	
3	Bati	033-553-2272/1808	
4	Buanbua Wuha	033-311- 9898	
5	Dessie	033-111-2829/34	033-111- 2839
6	Haik	033-222-0765/1280	
7	Hara	033-452-0559/44	
8	Kemise	033-554-1450/43	033-554-1447
9	Kobo	033-334-1312/1310	033-334-1336
10	Kombolcha	033-551- 0839/77	033-551-0792
11	Kone	033-443-0566/0754	
12	Lalibela	033-336- 1335/1410	033-336-1286
13	Logiya	033-550- 0060/75	033-550-0050
14	Mekaneselam	033-220-1106/26	
15	Meket	033-211-1274/88	
16	Mersa	033-333-1036/46	
17	Mugad	033-312-6358	034-312-1140
18	Sekota	033-540- 5420/19	
19	Semera	033-366- 2813/4885	

No	Name	Telephone no	Fax
20	Shewa Robit	033-664-1986/2189	
21	Tossa	033-312-5612/7994	
22	Woldiya	033-331- 1693/2579	033-331- 2619

14. Wolaita Sodo Region

No	Name	Telephone No.	Fax
	Regional Office		
1	Alaba Kulito	046-556- 0124	046-556-0109
2	Arbaminich	046-881- 2992	046-881 4605
3	Areka	046-552-1321/20	
4	Bodeti	046-559-0965/10-00	
5	Bonosha	046-453-0255/0019	
6	Dicha	046-180-4959/5714	
7	Doyo Gena	046-244-0459/91	
8	Durame	091-014-1616	
9	Garö (Arba Minch)	091-610-3150	
10	Gesuba	046-469-0563/21	
11	Gombora	046-178-67-57/8817	
12	Hadero	046-432-0720/0691	
13	Hosaena	046-555- 0684	046-555- 0694
14	Humbo	046-461-0520/0857	
15	Jinka	046-115-1862/00	046-775-1859
16	Kidno Koyesha	046-450-0516/0395	
17	Sawla	046-777-1662	
18	Shinshencho	046-339-0850/64	046-339-0874
19	Shone	0916-69-67-52	
20	Tercha	047-345-0864/15	
21	Tona	0920-64-60-79	
22	Wachamo	046-178-8007/9477	
23	Warabe	046-771-0600	046-771-0588
24	Wolayeta Sodo	046-551- 0743	046-551- 0706

List of Full fledged Interest Free Banking (IKHLAS)

No	Name of branch	Location	Telephone
1	North A.A Region		
1.1	Ababil	Near to T/Haimanot Hospital	011-126-4763/66
1.2	Awelia	Infront of Awelia School	011-273-1210/1995
2	South Addis Ababa Region		

2.1	Ameen	Furi –Bajaj Tera Area	011-380-5064/5240
2.2	Ihsan	Welete Area	011-380-3496/3243
3	West Addis Ababa Region		
3.1	Afdal	Sidamo-tera Area	011-273-3102/01
3.2	Amal	Awtobes Tera	011-273-5524/23
3.3	Khidma	Berber Berenda Area	011-369-5084/5812
3.4	Manal	Alem-Bank Square	011-369-5084/12
3.5	Mu'amalat	Betel area	011-369-7815/16
3.6	Yusra	Karakore Girar Area	011-369-5455/3856
4	Adama Region		
4.1	Kuaser	Assela	09-10-40-15-77
4.2	Noor	Adama	022-111-27-79
5	North West Region		
5.1	Nejashi	BahirDar	09-18-58-84-41
6	South Region		
6.1	Bani	Shahsemene	046-211-18-65/49-98
6.2	Berekah	Shashemene	046-211-93-28/56-47
7	South West Region		
7.1	Ashura	Dedo	09-11-75-79-81
7.2	Hira	Jimma	047-211-1902/2164
8	East Region		
8.1	Barwako	Jigjiga	025-278-53-91/92
8.2	Chinaksen	Chinaksen	09-10-73-00-22
8.3	Degehabur	Degehabur	025-771-06-48/49
8.4	Huda	Harar	025-338-0755/56
8.5	Korahay	Kebrdar	025-774-02-12
8.6	Meshreq	Dire Dawa	025-411-5439/1593
8.7	Nahar	Dire Dawa	0915-12-58-25
9	West Region		
9.1	Rayyan	Agaro	047-221-2690/1165
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10.2	Akrem	Harbu Town	033-552-05-15/04-96
10.3	Fathi	Dessie	033-312-7981/8593
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