



አዋሽ ባንክ  
**AwashBank**  
Nurturing Like the River

**2021/22**

**ANNUAL  
REPORT**



አዋሽ ባንክ  
**AwashBank**  
Nurturing Like the River



The Bank that  
**NURTURES**  
Your Life!



አዋሽ ባንክ  
**AwashBank**  
Nurturing Like the River

# Annual Report for Financial Year Ended 30 June 2022

# Vision, Mission & Values



## VISION

“To be the first choice world class Bank.”



## MISSION

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



## CORE VALUES

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

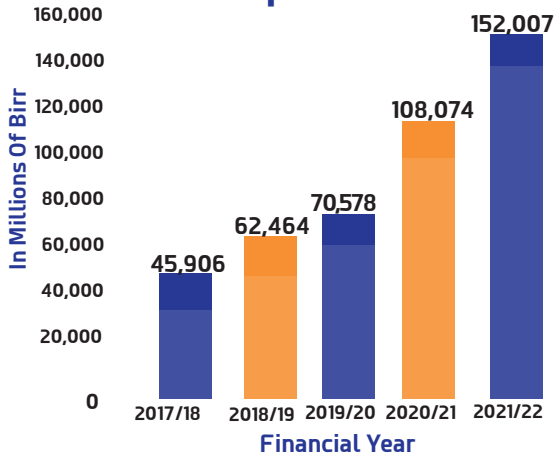
# TABLE OF CONTENTS



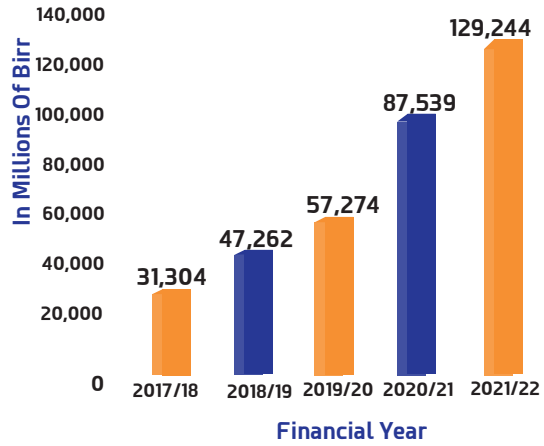
BOARD CHAIRMAN'S MESSAGE	10
CHIEF EXECUTIVE OFFICER'S STATEMENT	21
BOARD OF DIRECTORS' REPORT	27
AUDITOR'S REPORT	47
FINANCIAL HIGHLIGHTS	145
ATMs LOCATIONS	146
AWASH BANK BRANCH ADDRESS	149

## Highlight of Major Performances

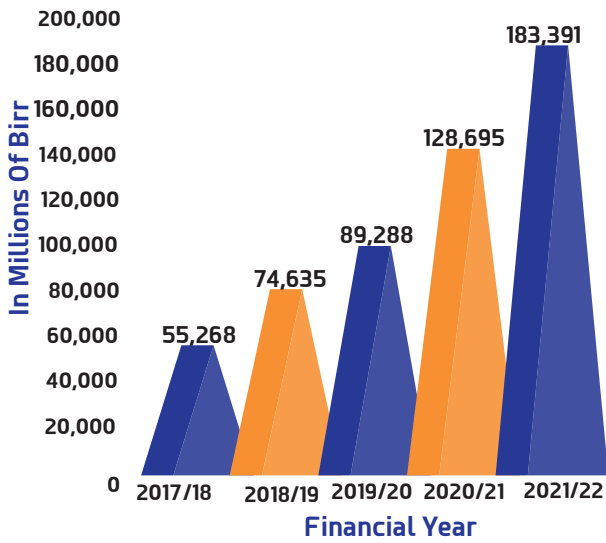
### Deposit



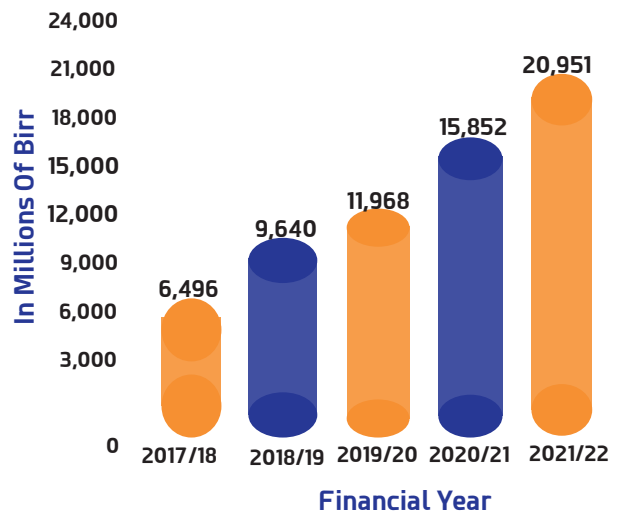
### Loans & Advances



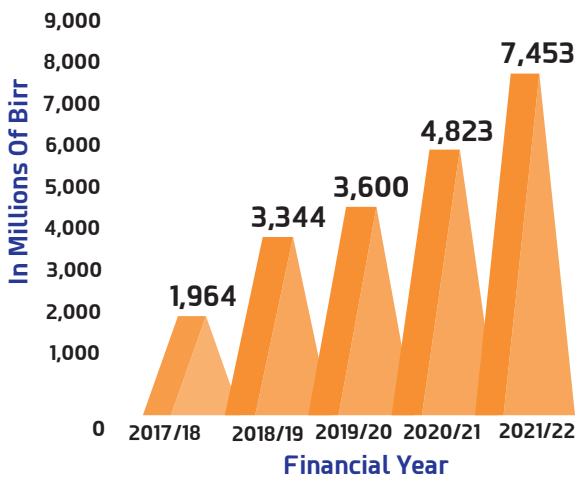
### Total Assets



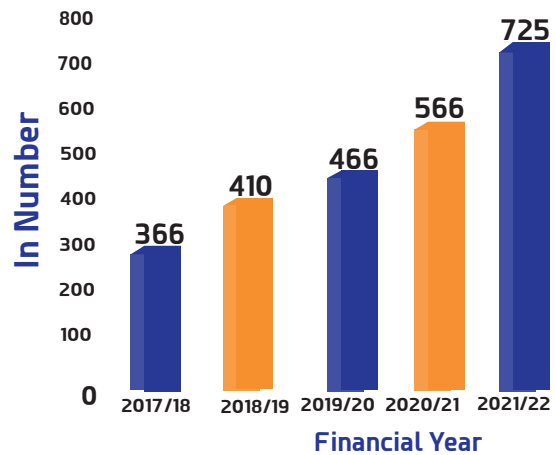
### Capital & Reserve



### Profit Before Tax



### Number of Branches





# Responding To Changing Life



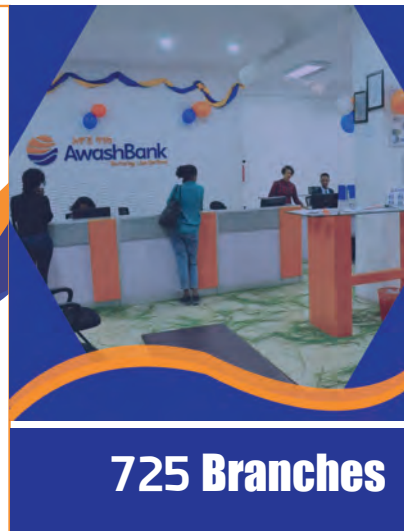
Online Banking

The image shows a laptop and a smartphone displaying the AwashBank online banking interface. The laptop screen has the word 'INTERNET' and the AwashBank logo. The smartphone also displays the AwashBank logo.



AwashBirr

The image shows a hand holding a smartphone displaying the AwashBirr mobile banking app interface. The app has a blue background with various icons for banking services.



725 Branches

The image shows the interior of an AwashBank branch. There are several service counters with staff members and customers. The AwashBank logo is visible on the wall.



2,355 POS Machines

The image shows a POS machine with the AwashBank logo on its screen. There are also several credit cards shown around the machine.



Card Banking

The image shows several credit cards from AwashBank, including a blue card with 'PSA' and an orange card with 'AMMAN'.



565 ATMs

The image shows an AwashBank ATM machine. The machine is blue and orange, with the AwashBank logo on the top.



አዋሽብር ወኪል  
AwashBirr Agent

Banking Everywhere

አዋሽ ባንክ  
AwashBank

The image is a banner for AwashBirr Agent. It features the AwashBirr logo on the left, which consists of three wavy lines above the text 'Awash BIRR' and 'Banking Everywhere'. On the right, it says 'አዋሽብር ወኪል' and 'AwashBirr Agent' in Amharic and English. At the bottom right, there is the AwashBank logo and the text 'አዋሽ ባንክ' and 'AwashBank'.

# THE BOARD OF DIRECTORS



**Ambassador Dr. Dibaba Abdeta**  
Chairman



**Gure Kumssa**  
V/Chairman



**Abaynesh Bekele**  
Director



**Abaynesh Merga**  
Director



**Alemu Tita**  
Director



**Beza Tadesse**  
Director



**Getachew Olana**  
Director





**Girma Guluma(Eng)**  
Director



**Gudissa Legesse**  
Director



**Kedeme Teshome**  
Director



**Roba Arega**  
Director



**Yoseph Yonas**  
Director

## BOARD CHAIRMAN'S MESSAGE



**Ambassador Dr. Dibaba Abdeta  
Chairman**

### Ladies and Gentlemen!!

This is a moment of great felicity for me in warmly welcoming you all, on behalf the Board of Directors and on my own behalf to the 27th Awash Bank's Shareholders' Annual General Meeting (AGM) of the FY 2021/22. I would also like to convey my sincere gratitude to our respected clientele for the esteemed cooperation, continued trust and support extended to enable Awash Bank to score yet another astonishing result in all of the banking operation parameters during the FY 2021/22. The devotion and the hardworking commitment of the Management and the entire employees of the Bank is also incomparable and extraordinary that deserves honorary recognition. I am also confident that this multidimensional support from all stakeholders will also continue to make the Bank remain the pioneer leading private bank in the country as well as realizing of its future ambition of achievement.

Awash Bank is committed to maintaining & upholding good corporate governance in order to protect the interests of shareholders, customers and the employees. The Bank is governed by twelve Board of

Directors elected by the General Assembly and the Management team comprising of the Chief Executive Officer (CEO), Chief & Deputy Chief Officers, Directors and Deputy Directors. With these compositions, Awash Bank showed a continued progress in building a stronger and safer Bank that is capable of delivering higher returns to its shareholders. Particularly, over the past ten years, the Bank has recorded an amazing result that shown an augmented income and earning per share, with a track record of creating a significant value for its owners.

The FY 2021/22 was characterized by significant socio-economic and geopolitical challenges particularly to the banking industry with stagnant global trade, disrupted lively hoods, subdued investments and uncertainties. The major challenges of the year at global level were the negative impacts of the Russia-Ukraine war and the consequent high inflation. The war has also caused major supply disruptions which led to higher prices for a number of commodities. It also affected global economic prospects and according to the World Bank Report of June 2022, the global growth is projected to slow down from 5.7 percent in 2021 to 2.9 percent in 2022 and average of 3 percent

in 2023/24. When coming to the domestic economy, the political instability in some parts of the country, the effect of COVID 19, drought, inflation, a sharp fall in donor financing, foreign exchange shortages and stiff competitions among the banks were the major challenges. Despite of these considerable hurdles, however, the year was an exciting year enabling the Bank to operate efficiently and once again record a commendable result which is unique of its kind.

The major and key financial and non-financial highlights for the year ended June 30, 2022 can be summed up as under:

- The aggregate deposit increased by 41 percent from last year same period and reached Birr 152 billion including L/C margin and deposit from IFB,
- Loans and Advances surged up by 47.6 percent as compared to last year same period and reached Birr 129.2 billion,
- Total income of the Bank escalated by 50.2 percent from last year same period and arrived at Birr 20.6 billion,
- The total expense of the Bank stood at Birr 13.2 billion as at June 30, 2022, up by 47.9 percent from previous year similar period,
- The profit grew by 54.5 percent over previous year and reached Birr 7.45 billion, as at ended June 2022,
- Total Foreign Currency generated during the year crossed one Billion and stood at USD 1.25 billion surpassing the amount generated last year same period by USD 343.5 million or 38 percent,
- The aggregate deposit customer base rose to 7.8 million,
- The branch network as at June 30, 2022 has reached 725.

The increments registered in the major performances is exceptional in the history of the private banks and the history of Awash Bank itself, reflecting the underlying strengths of the AB's business.

The other major contributory factors for the growth are the efforts exerted in the resource mobilization activities and the continuous hard work applied in the collection of loans and advances, as a result of which the status of the Non-Performing Loans (NPLs) has shown a significant reduction to less than 1.5 percent as at the end of June 30, 2022.

In general, the overall success of the Bank is coiled on the wise guidance of the Board of Directors, the prudent and coordinated quality leadership of the CEO, the Management Members as well as the unreserved

dedication of the entire employees and the overall strong efforts made by the Bank-wide community to maximize the wallet share of the Bank.

Though the year was turbulent and daunting, it is worth mentioning to raise one miraculous victory which the Bank enjoyed during the year under review. This amazing event was that a well-known world-wide Finance Magazine named "Global Finance Magazine" has chosen Awash Bank, as one of the World's Best Bank in the year 2022. In connection with this particular selection, the Bank was recognized during the IMF/World Bank Annual Meeting which was held in Washington DC on October 15, 2022. This has changed the history of Awash Bank and repositioned it to another higher growth level of the world standard.

At this point, it should be noted the Board is always committed to ensuring that Awash Bank is a resilient organization with a focus on long-term value creation. 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 have all contributed to the success of the Bank.

Awash Bank is engaged in many different project activities, such as Corporate Strategy Development by a well-known international consultant, McKinsey & Co., IT Projects and the construction of own building projects at different parts of the country.

To make the future IT Platform more user-friendly for the clients and also to go abreast along with the unprecedented surge in the digitalization of financial services, the Bank has planned to review the current technology system and replace some of them with modern and standardized technology.

Concerning the Human Capital 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. In this regard, the Bank is crafting a strategy that enables attract, motivate and retain qualified and skilled manpower. Concurrent with this, steps were taken to improve staff productivity, focusing on optimizing the existing resource through internal job postings, transfers and skill development/capacity building initiatives.

In connection with the capital structure, the payment of the Birr 12 billion paid up capital of the Bank would be completed before June 2023. The strategic growth aspiration of the Bank, which is to become one of the top ten African Banks by the year 2030 have to be backed by a solid capital base. On top of that, the capital adequacy ratio of the Bank also should comfortably be above the regulatory requirement and should provide strong foundation for the company. Furthermore, it is worth mentioning that the growth of the Bank itself entails capital growth.

Therefore, in consideration of the above points, the Board solicits the Shareholders to approve a new paid up capital proposed by the Board as included in the extra-ordinary agenda items to maintain the Bank with a strong capital position for the coming years.

Moreover, the Board and the Management are still courageous to work hard during the FY 2022/23, in spite of the entry of foreign banks and consequent fierce competition amongst Banks, the persistence of the impacts of living costs and political instability globally and domestically. 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 the new vision of becoming One of the Top Ten African Banks by 2030 is inevitable. The Bank will continue to deliver on its strategic commitments, which drive the operational performances and create value for the shareholders as well as the communities at large.

On top of its corporate objectives, the contribution of the Bank to the growth of the national economy of the country and the wellbeing of its citizens during the year under review is eye-catching as observed from the annual tax paid, the financial contributions made for the national development projects as well as the various financial supports given to the disaster victims. During the year under review, Awash Bank has provided financial support to the displaced and drought stricken people of Oromia and Somali Regional States. It also supported the flood victims in the Amhara Regional State, during the reporting period.

In conclusion, on behalf of the Board of Directors, I would like to express my honest appreciations to all shareholders, loyal customers and the public at large for their unwavering and indispensable support and the confidence they have on our Bank. I look forward to their continuous and renewed commitment to work with the Bank in the future to come.

My special thanks goes to the 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 leading position among the private commercial banks in the country. I would also like to commend the National Bank of Ethiopia (NBE) for providing our Bank a constructive guidance and enthusiastic support.

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 new 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 Gemedo**  
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 Operations  
Officer



**Tilahun Temotewos**  
Chief, Technology Officer



**Abdella Adem**  
Interest-Free Banking



**Kefyalew Shiferaw**  
D/Chief, Digital Banking  
Operations Officer



**Lamessa Soboka**  
D/Chief, Regional Operations  
Officer



**Netsanet W/Kidan**  
D/Chief, Trade Services  
Officer



**Temesgen Busha**  
D/Chief, Strategy Innovation  
& Transformation Officer



**Temesgen Workineh**  
D/Chief, Human Capital  
Management Officer



# Senior Management Members



**Abebe Tadesse**  
Director, Corporate Banking Directorate



**Beyene Dekeba**  
Director, IT Infrastructure Directorate



**Birhanu 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 & Property Admin. Directorate



**Gacho Wara**  
Director, Enterprise Risk & Compliance Management Directorate



**Gutama Tesfa**  
Director, Information Security  
Directorate



**Hailu Meskala**  
Director, Learning & Talent  
Development Directorate



**Hailu Woldegebriel**  
Executive Assistant to the CEO



**Kelemu Amha**  
Director, 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



**Tesfaye Seifu**  
Director, IT Service Management  
Directorate



**Tewodros Hailu**  
Director, Strategy Initiation  
Directorate



**Tusi Mendo**  
Director, Portfolio Management  
Directorate





**Tsehay Getachew**  
Director, Talent Acquisition &  
Onboarding Directorate



**Wendimagegnehu Birhanu**  
Director, Human Resource  
Operation Directorate



**Yohannes Tsegaye**  
Director, Customer Experience  
Directorate



**Yonas Atomsa**  
Director, General Technical &  
Security Service Directorate



**Yonas Kumera**  
Board Secretary



**Zebene Kaba**  
Director, Branch Affairs  
Directorate

## REGIONAL OFFICE DIRECTORS



**Aweke Shegu**  
Director, South Addis Ababa  
Region



**Elias Eshetu**  
Director, Dessie 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



**Wegayehu Teshome**  
Director, East Region



**Yadesa Miressa**  
Director, South Region



**Yirga Yigezu**  
Director, South West Region



**Zelalem Bekele**  
Director, Wolayita Region



# CHIEF EXECUTIVE OFFICER'S STATEMENT



**Tsehay Shiferaw**  
Chief Executive Officer

On behalf of the entire Management of Awash Bank and on my own behalf, I would like to sincerely congratulate all respected Shareholders, Board of Directors, hard-working and committed Management and staff members and above all, most loyal and valued customers of the Bank on an unprecedented operational and non-operational performance your Bank has registered for the financial year ended June 30, 2022. All other stakeholders of the Bank would also deserve due recognition and appreciation for their relentless support rendered to us to enable us achieve this extra-ordinary performance in the history of our Bank as well as in the industry of private banks of the country.

The financial year just ended was challenging. COVID-19, which was declared as a global pandemic, has still been a concerning health problem world-wide. As a result, movement to and from countries has not been as wide-open

as it used to be. The war between Russia and Ukraine has seriously affected the economic and political situations of the world and its impact is still being felt by many countries.

Domestically, the war in the northern part of our country is utterly affecting the national economy in general and the banking business in particular. The instability in the western part and subsequent intermittent closure of branch offices has negatively affected our day-to-day operations and undesirably restricted our endeavor in reaching the unbanked and under-banked parts of the society.

Apart from the above, the following were some of the most visible hurdles that we were exposed to during the financial year:

1. During the year, month-to-month inflation rate peaks at above 30%, showing an increase from

similar periods of last year. Both food and non-food parts of the index showed an upward momentum and sometimes, it has reached to the level of 42.9% compared to the same period of last year. As it goes without saying, this inflationary situation nation-wide has similarly escalated the various expenses of the Bank.

2. In January 2022, the central bank slashed foreign currency retention rates by half to 20%. Thus, foreign account holders can only retain 20% of their transfers in foreign currencies, and they shall surrender only 10% to the commercial banks. More significantly, the surrender requirement has been changed from 50% to 70%. Thus, the majority (70%) forex earnings from exports, remittances, and transfers to non-governmental organizations (NGOs) were being surrendered to the central bank. This has significantly eroded the foreign currency position of the Bank and we faced challenges to address the high demand of our importers satisfactorily.
3. In line with the letter of the Ministry of Finance, public institutions were instructed to close their accounts at private banks and transfer their resources to the coffer at public bank, which has been assigned by the central bank to manage public money on its behalf. Apparently, this will affect the deposit balance of private banks in the short and long term and will make doing business with public institutions in the future uncertain.

The impact of the above and other factors on our business was substantial. However, our Bank has been and is still putting in place different strategies to withstand the circumstances and be able to sustain our businesses.

The above being the facts on the ground, however, the following prospects were also available during the year and our Bank was able to make use of the opportunities to the fullest extent possible.

1. Nation-wide, the export of goods over the 2021/22 financial year brought in USD 4.12 Billion, nearly 14% higher than the revenue generated last year. Agricultural commodities accounted for close to three-quarters of the

revenue. Coffee remained the most valuable export item, generating USD 1.4 Billion by exporting close to 300,000 tons. As a result, the foreign currency generated by our Bank through different sources, which was USD 1.25 Billion, was by far higher than last year same period of USD 902 Million.

2. Memorandum of Understanding (MoU) has been signed with various organizations during the year. These organizations have been channeling a good sum of local and hard currencies through our Bank and that has enabled us to address the demands of our customers as much as possible.
3. As a result of the strength of our Bank in terms of its total asset, capital, branch network and other financial parameters, local prominent giant organizations have chosen Awash Bank as their business partner. As a result, substantial amount of local deposits has been mobilized during the year. Our business relationships with these strategic partners will be reinforced with greater vigor and enthusiasm in the times to come.
4. Customers' Week of the Bank was colorfully celebrated and successfully concluded in March 2022. The celebration of the program has enabled us to renew our commitment to serving our customers diligently and taking a lesson from the program, it has been resolved to conduct such type of program bank-wide every year.
5. For the first time in the industry, our Bank has introduced an innovative payment solution known as Awash E-School Management System to various local schools, colleges and universities free of charge. The solution will basically provide parents and students a wide-range of payment options, ensuring the payment of the fees timely, efficiently and conveniently. This will definitely avoid the burden of manual collection and the risks associated with it and help the Bank in its resource mobilization endeavor.
6. In an effort to expand business relationship and thereby enhance the foreign exchange stock of the Bank, our Bank has officially started relationship with Swiss Remit, Thunes and Remitly remittance companies during the year.

7. As a result of an impressive growth of our Bank in deposits, loans and advances, assets, profit, capital, branch network, customer base expansion, product innovation and digital banking expansion efforts over the last ten years, the *Global Finance Magazine* has named our Bank as *the Best Bank of Ethiopia for the Year 2022* in its May 2022 Edition of the Best Bank Awards. This will definitely enhance the reputation of our Bank world-wide.
8. Our Bank has become a member of Small and Medium Enterprises (SME) Financing Forum. The Forum has 240 member banks and fintech companies. The Forum will enable to promote members' best practices, transfer knowledge among members and to foster cooperation. No doubt, being a member of the Forum will enhance the reputation of our Bank in the times to come.
9. In May 2022, an Entrepreneurship Competition coined under the name Tatariwochu was launched with a primary objective of empowering the visionaries. The project will provide training, business development support and access to finance for entrepreneurs with innovative and problem-solving business ideas and it is expected to play its role in nation-building activities and last, but not least,
10. Our Bank has signed loan agreement with Nine Private Micro-Finance Institutions (MFIs) to bridge reaching out to the under-served segment of the market through these institutions. The Bank has made Br. 5.5 Billion available in credit for small enterprises and farmers to be disbursed through these MFIs in the coming three years. This will somehow address the access to finance of the under-financed groups of the society and at the same time bring in the money in circulation to the banking system.

Exploiting the available opportunities and learning from drawbacks, our Bank, with a coordinated effort of all, has performed remarkably well in all parameters during the year. Accordingly, profit before tax stood at Birr 7.45 Billion from Birr 4.82 Billion of last year same period; i.e. Birr 2.6 Billion or 54.5 percent growth. This is the highest profit ever registered in the history of our Bank as well as in the history of private banks.

The paid-up capital has reached Birr 10.29 Billion from Birr 8.19 Billion of last year same period; that is, an increment of Birr 2.1 Billion or 25.65%. In spite of the capital increment, the pace of the growth of profit was even higher and as a result, earnings per share (EPS) has shown a significant growth from 470 in 2021 to 570 in 2022 for a par value of Birr 1,000 which, I believe, is very lucrative to the shareholders.

As a result of, among others, enhanced operation of the Bank and inflationary situation for goods and services, total expense of the Bank, including interest expense, has gone up from Birr 8.40 Billion in 2021 to Birr 12.33 Billion in 2022. Of the total expense items, personnel expenses, interest expense, and other operating expenses took the highest share in their order.

Total deposit as at June 30, 2022 stood at Birr 151.64 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 43.87 Billion or 41% in 2022 as compared to 2021.

Total asset significantly grew from Birr 128.70 Billion in 2021 to Birr 183.4 Billion in 2022; i.e., a growth of Birr 54.70 Billion or 42.51%, and that was the highest figure by all standards. Loans and advances took the biggest share of the total asset accounting for Birr 126.9 Billion or 69.20% of the total asset of the Bank.

The NPLs ratio as at June 30, 2022 stood at 1.2% and this was far below the threshold; i.e. 5%, set by the NBE. The NPLs ratio in comparison with the total loan portfolio was not as such a concerning issue but still all possible effort will be exerted to keep it at the lowest possible limit.

Our Bank has opened 159 branches in the fiscal year and the total number of branches as at end of June 2022 reached 725.

Despite the ups and downs, the financial year 2021 was thriving in many aspects to the banking industry in general and to our Bank in particular. Some of the major success stories were the following:

1. For the sixth time, our Bank has successfully achieved all the targets set in the Grand

Strategy. Hence, our journey framed six years before to “Become One of the Top Ten East African Commercial Banks by the Year 2025” is likely to be attainable and

2. Our Bank has entered into a contractual agreement with an internationally renowned strategy development company named McKinsey and Company for the development of a Corporate Strategy. Once everything is finalized, the recommendations of the consultancy company will be put in place and that will enhance the competitive position of our Bank in the industry.

Going forward, the year 2022/23 and ahead are expected to be very challenging. Banks are especially expected to be challenged with the following realities:

- i. The Council of Ministers of the F.D.R.E. has approved a new policy that will open up the banking industry to foreigners. Thus, a lot of foreign banks are expected to join the industry which will make the competition more stiff.
- ii. A number of new local banks have joined the industry in the fiscal year. Thus, business will not be as usual from now on and we need to tighten our belts for the upcoming fierce competition between local and foreign banks.
- iii. The 70% foreign currency surrender requirement will erode the foreign currency stocks of banks and as a result, the ever-increasing demands of importers may not be satisfactorily addressed and finally,

- iv. Country-level double-digit inflation rate for food and non-food items is expected to escalate the expenses of the Bank. Thus, cost minimization strategies have to be devised internally and put in place to tackle the problem, etc...

I am, however, very optimistic that things will settle down in due course of time and Awash will keep on doing even better to satisfy the interests of its stakeholders. I believe that with our renewed commitment and concerted effort, we can succeed in our business objectives as success is nothing but it's all about Seeing our ultimate goals, Understanding the obstacles, Creating a positive mental picture, Clearing our mind of self-doubt, Embracing the challenges, Staying on track and Showing the world that we can do it!

Taking this opportunity, I would like to extend my heart-felt appreciation once again to our valued customers for their loyalty, and committed Management and hardworking staff members for the remarkable performance registered in 2021/22.

Finally, I would like to extend my gratitude to all Shareholders, Board of Directors, our Correspondent Banks, Federal and Regional Government Offices and particularly the National Bank of Ethiopia and Financial Intelligence Center for their unreserved support, advice and guidance rendered to us in our day-to-day activities.

God bless you all and our country!



# PICTORIAL PRESENTATION OF SHAREHOLDERS' MEETING



Partial View of 26<sup>th</sup> Ordinary Shareholders' Meeting



# PICTORIAL PRESENTATION OF MANAGEMENT MEETING, 2021/22



Partial View of Management Meeting, 2021/22



Awarded Best Performing Regions, RMs & Branches Picture with the  
Bord of Director & Management, 2021/22



# REPORT OF THE BOARD OF DIRECTORS

## 1. OPERATIONAL PERFORMANCES

The Board of Directors of Awash Bank is honored to present the Bank's Annual Report and Audited Financial Statements for the Financial Year ended June 30, 2022 to the 27<sup>th</sup> Annual General Meeting of its esteemed Shareholders.

During the reporting period, Awash Bank continued to deliver superior operational and financial performances, in spite of slowdown in global economic growth and challenging domestic economic environments.

During the financial year 2021/22, the world economy has been suffering from a series of destabilizing shocks. After more than two years of Covid 19 pandemic, the war between Russia and Ukraine and its global effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth. In particular, the Ukraine-Russia war has soared energy and agricultural commodity prices, exacerbating food insecurity and extreme poverty in many emerging markets and developing economies (EMDEs).

The domestic macroeconomy was also challenged by double-digit inflation, shortage of foreign currency and internal conflicts in some parts of the country.

Similarly, the banking industry has faced various challenges during FY 2021/22, including stiff competition among existing and new entrant banks, weak business environment and stringent policies by the National Bank of Ethiopia (such as provisional suspension of collateral-based loan disbursements for about four months and 70% foreign exchange surrender requirements).

Awash Bank has registered another set of impressive operational and financial results during FY 2021/22, indicating the fact that the Bank is on the right track towards attaining its aspiration of becoming "One of the Top Ten Private Banks in East Africa by 2025". Indeed, the Bank has cemented its leading position in key performance areas such as total deposits, total loans and advances, total assets, profit and capital base.

### 1.1 Deposits Mobilization

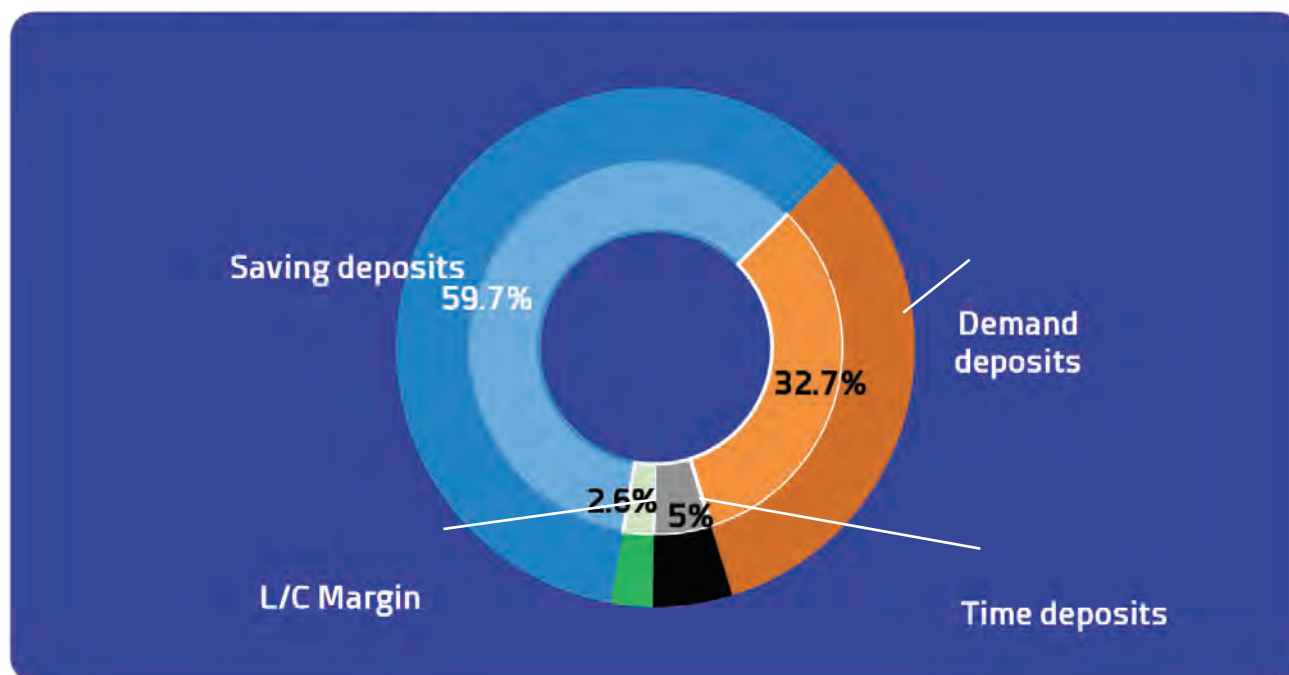
Total deposits of the Bank, including L/C margin and deposits from Interest Free Banking (IFB) rose to Birr 152 billion at the end of June 30, 2022, up by Birr 43.9 billion (41 percent) from last year same period. This commendable and consistent deposit growth of the Bank is attributed to the implementation of various strategic initiatives including expansion of service delivery channels and customer base, and offering of different deposit products to different customer segments. During FY 2021/22 alone, more than 2.6 million new customers have opened deposit accounts at Awash Bank.

Deposits mobilized from Interest Free Banking line of business has witnessed encouraging performance and reached Birr 11.4 billion as at June 30, 2022; registering a net increment of Birr 3.9 billion (52 percent) over previous year same period.

Based on the strategic direction of the Bank to focus more on stable and low-cost deposits, saving deposits continued to account for the lion's share (59.7 percent) of the total deposit, followed by demand deposits (32.7 percent), time deposits (5 percent) and letter of credit margin (2.6 percent).

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

Descriptions	Financial Year		Growth		Share (%)	
	2020/21	2021/22	Absolute	%	2020/21	2021/22
Saving deposits	63,269	90,720	27,451	43	59	59.7
Demand deposits	32,874	49,770	16,896	51	30	32.7
Time deposit	6,138	7,538	1,400	23	6	5
L/C Margin	5,793	3,978	(1,815)	(31)	5	2.6
Total deposits	108,074	152,006	43,932	41	100	100

**Figure 1: Deposit Structure as at June 30, 2022**

## 1.2 Loans and Advances

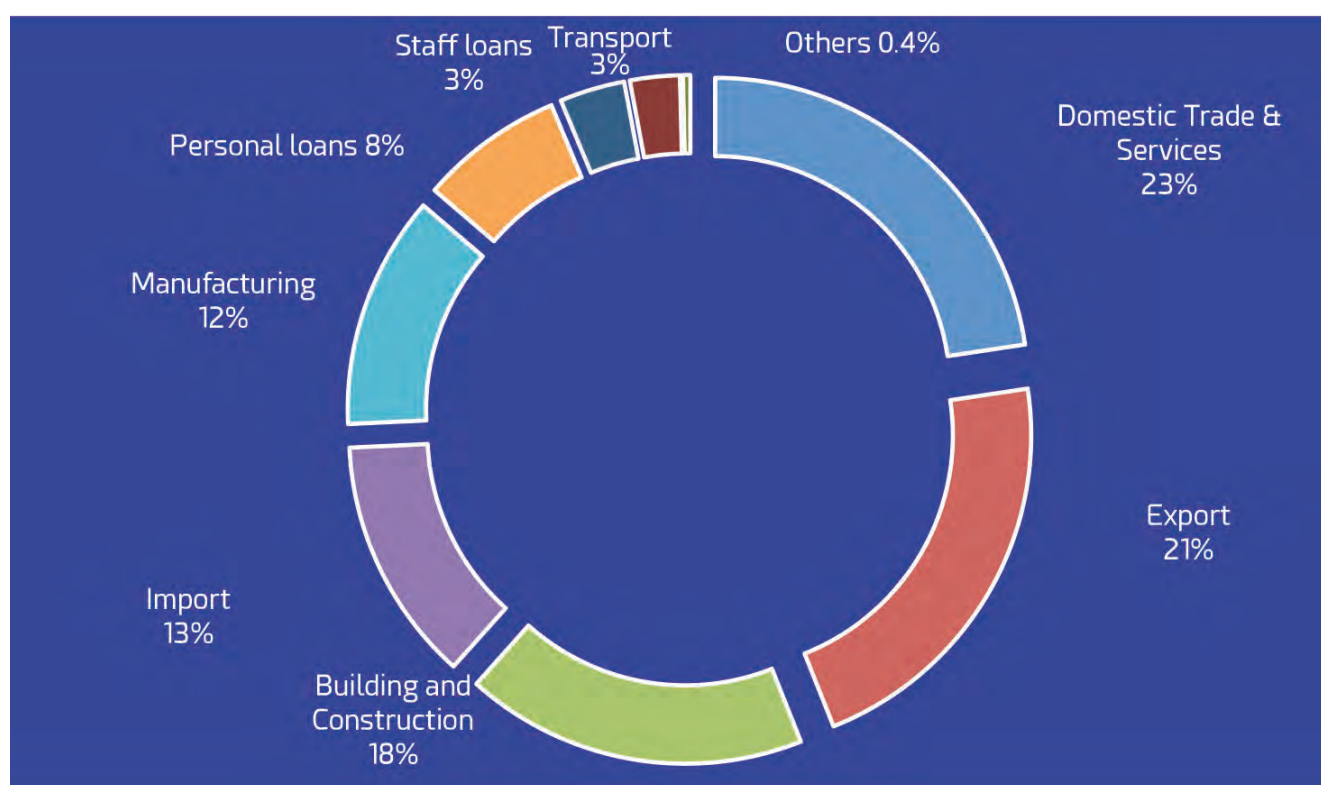
The total outstanding loans and advances extended to different sectors of the economy reached Birr 129.2 billion at the end of June 2022, up by 47.6 percent vis-à-vis the same period of the previous year.

All sectors of the economy have benefited from the loans and advances availed by the Bank. Accordingly, loans and advances extended to domestic trade and services accounted for the lion's share (23 percent), followed by export (21 percent), building & construction (18 percent), import (13 percent), manufacturing (12 percent), personal loans (8 percent), staff loans and transport (3 percent each), and other sectors (0.4 percent).

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

Descriptions	Financial Year		Growth	
	2020/21	2021/22	Absolute	%
Domestic Trade and Services	18,317	29,237	10,920	59.6
Export	18,221	27,605	9,383	51.5
Building and Construction	18,431	22,786	4,354	23.6
Import	10,212	16,335	6,123	60.0
Manufacturing	10,626	15,550	4,924	46.3
Personal Loans	6,274	9,758	3,484	55.5
Staff Loans	2,754	4,168	1,414	51.3
Transport	2,314	3,316	1,002	43.3
Other	390	490	100	25.7
<b>Total</b>	<b>87,536</b>	<b>129,244</b>	<b>41,705</b>	<b>47.6</b>

Figure 2: Sectoral Distributions of Loans and Advances as at June 30, 2022



During the reporting period, the Bank has made concerted efforts to maintain its asset quality, conducting close follow-up of the borrowers situation and taking corrective measures before the loans slip into non-performing status. As a result of these efforts, the Non-Performing-Loans (NPLs) ratio was maintained at 1.2 percent, which is significantly below the NBE's 5 percent maximum limit.



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





## MDM Developers



### 1.3 International Banking Services

Awash Bank continues to play a key role in supporting the international trade activities by providing diversified trade finance services to both exporters and importers. Moreover, in order to enhance the foreign exchange earning capacity of the country, the total loans and advances availed to export sector soared to Birr 27.6 billion at the end of June 30,2022.

On the other hand, as a mechanism of boosting inward remittances through international money transfer agents and bank to bank transfers, the Bank continued to use the lottery-based scheme dubbed “ይቆጥቡ፣ ይቀበሉ፣ ይሸለሙ”-meaning “Save, Receive and Win” to motivate both savers

and recipient of remittances to conduct transactions through Awash Bank and win the lottery prizes. Accordingly, the Bank has colorfully awarded the 9<sup>th</sup> round lottery winners and launched the 10<sup>th</sup> round lottery scheme during FY 2021/22. Moreover, the Bank has strengthened its strategic alliance with various international organizations, religious institutions and correspondent banks in a bid to increase foreign exchange earnings.

The effort of the Bank to enhance its foreign exchange earnings through different mechanisms has culminated in earnings of a record high USD 1.25 billion during FY 2021/22. Awash Bank was, in fact, not only the first but also the only Ethiopian private bank to surpass the one billion USD mark in total foreign currency generation at the end of the reporting period.



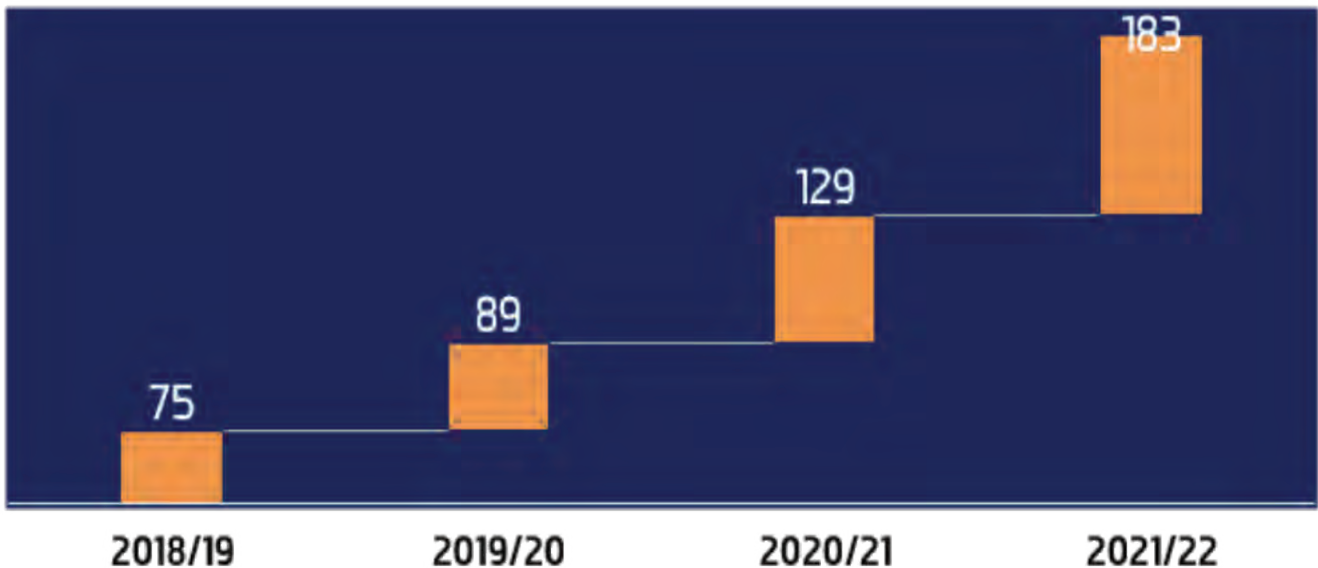
9<sup>th</sup> Round Lottery Winners Award



## 1.4 Total Assets

During FY 2021/22, the total asset size of the Bank grew significantly and stood at Birr 183.4 billion by the end of June 30, 2022; up by Birr 54.7 billion (42.5 percent) over last year same period. The exhibited surge in asset size was largely attributed to the increase in loans and advances and investment on fixed assets, which is a foundation for sustainable growth in the long run.

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



## 1.5 Capital

During the financial year 2021/22, the paid-up capital of the Bank grew substantially by Birr 2.1 billion and stood at Birr 10.3 billion at the end of June, 2022. This significant growth manifests the determination of the shareholders to raise the paid-up capital of the Bank to Birr 12 billion by the end of June 30, 2023.

Awash Bank is not only the most capitalized private bank in Ethiopia but also the Bank whose paid-up capital double of 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. Nevertheless, in line with the strategic aspirations of the Bank to become One of the Top Ten Banks in East Africa by 2025, the need to build its new Headquarter's Complex, and to withstand competitions from foreign banks, Awash Bank has to increase its paid-up capital commensurate with its fast growth.

## 2. FINANCIAL PERFORMANCE

During the period under consideration, Awash Bank has once again registered a record high financial result and sustained its leadership position among private banks operating in Ethiopia.

## 2.1 Income

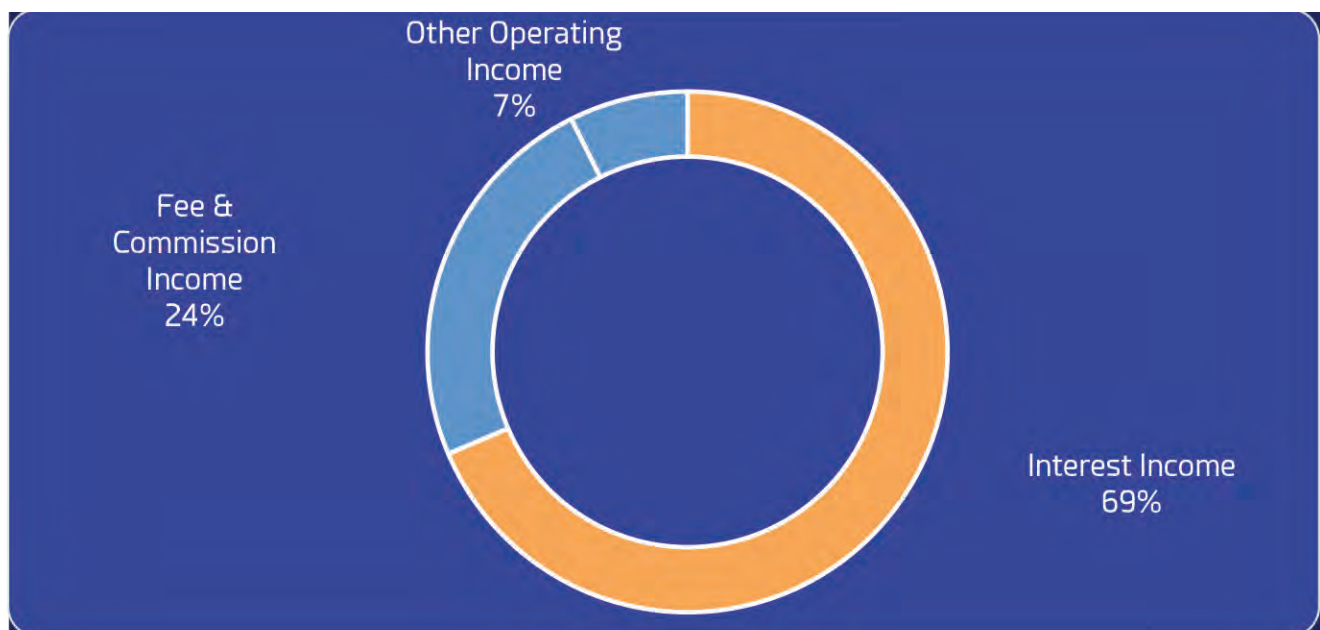
Awash Bank generated a total income of Birr 20.6 billion during financial year 2021/22, from Birr 13.7 billion a year earlier, indicating a growth of Birr 6.9 billion (50.2 percent) as compared with the same period of last year, driven by a remarkable increase in all components of income. Interest income rose by 42.8 percent and stood at Birr 14.2 billion, attributed to the significant increases in loans and advances. Similarly, income from fees and commissions as well as other operating incomes grew by 89.4 percent and 25.9 percent, respectively, indicating a surge in income associated with foreign currency transactions, issuance of letters of credit and gains on foreign currency dealings.

In terms of composition, interest income took the lion's share of total income (69 percent), followed by fees and commission income (24 percent) and other operating income (7 percent). Following the strategic direction of the Bank to diversify its source of income, the share of non-interest income soared to 31 percent at the end of June 2022, from 28 percent a year ago.

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

Descriptions	Financial Year		Growth		Share(%)	
	2020/21	2021/22	Absolute	%	2020/21	2021/22
Interest Income	9,916	14,160	4,244	43	72	69
Fee & Commission Income	2,620	4,961	2,342	89	19	24
Other Operating Income	1,209	1,522	313	26	9	7
Total Income	13,744	20,643	6,899	50	100	100

**Figure 4: Income Composition as at June 30, 2022**



## 2.2. Expenses

The total expenses of the Bank surged to Birr 13.2 billion by the end of June 2022, up by 47.9 percent from previous year similar period. This surge in total expense of the Bank was mainly derived by an increase in personnel and interest expenses.

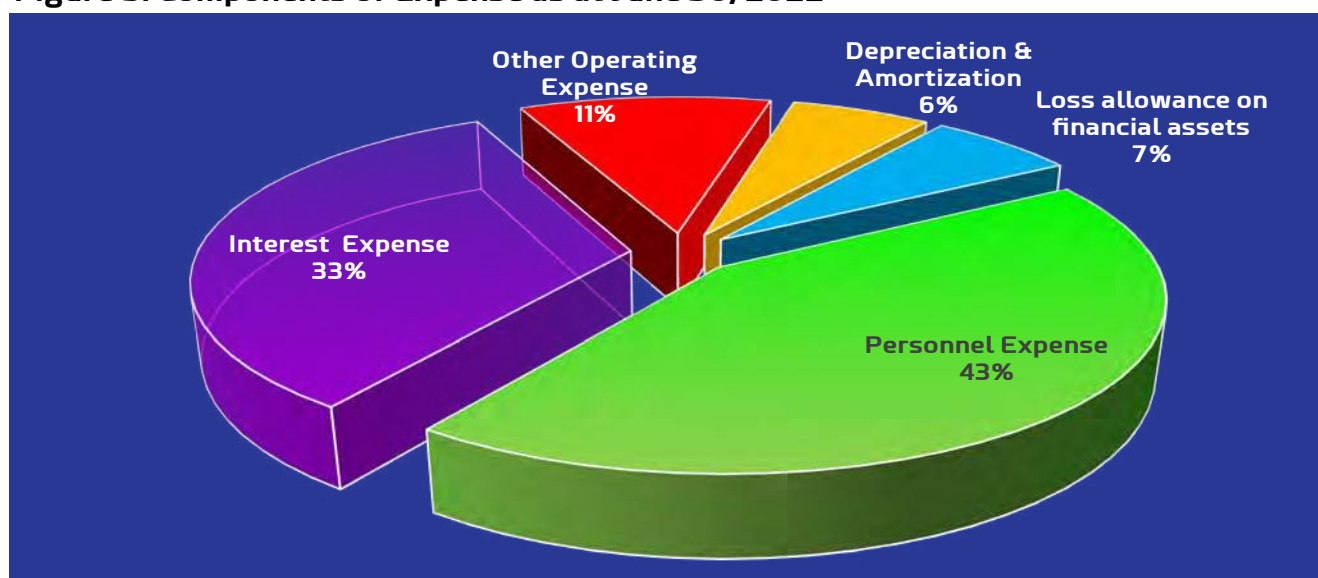
Personnel expenses increased by Birr 2.2 billion (62.9 percent) and reached Birr 5.7 billion as at June 30, 2022, mainly driven by significant branch expansions during the year (opening up of 159 new branches) and staff salary increment. Similarly, interest expenses increased by Birr 1.1 billion (32.3 percent) and reached Birr 4.4 billion, on account of growth in interest bearing saving and time deposits.

Expense structure of the Bank was dominated by personnel expenses, which accounted for 43 percent of the total expenses, followed by interest expenses (33 percent) and other operating expenses (11 percent). The remaining 13 percent of total expenses was accounted by loss allowance on financial assets (7 percent) depreciation and amortization expenses (6 percent).

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

Descriptions	Financial Year		Growth		Share(%)	
	2020/21	2021/22	Absolute	%	2020/21	2021/22
Interest Expense	3,307	4,377	1,069	32	37	33
Personnel Expense	3,485	5,677	2,192	63	39	43
Other Operating Expense	1,035	1,469	434	42	12	11
Depreciatin & Amortization	577	807	230	40	6	6
Loss allowance on financial assets	517	860	344	67	6	7
<b>Total Expense</b>	<b>8,921</b>	<b>13,190</b>	<b>4,269</b>	<b>48</b>	<b>100</b>	<b>100</b>

**Figure 5: Components of Expense as at June 30, 2022**



## 2.3 Profit

Awash Bank registered a recorded high profit before tax of Birr 7.45 billion during financial year 2021/22; up by 54.5 percent over previous year. This performance was not only a record high in the history of Awash Bank but also in the history of private banks operating in Ethiopia. Similarly, profit after tax surged to Birr 5.34 billion during the financial year 2021/22. Subsequently, earnings per share also significantly increased to 570 per 1,000 par value during the financial year 2021/22 from 470 in previous year. This increase in earnings per share is commendable given the significant increase in paid-up capital of the Bank during the period under review.

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

Descriptions	Financial Year		Percentage Change
	2020/21	2021/22	
Profit Before Tax	4,823	7,453	55
Profit After Tax	3,396	5,341	57

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



## 2.4. Proposal on Dividend Payout

Out of the total appropriable Net profit of Birr 5,341,230,596 (Five Billion Three Hundred Forty-One Million Two Hundred Thirty Thousand Five Hundred Ninety Six ) after considering deductions in legal reserve and other allowances, the Board of Directors of Awash Bank recommended that a dividend of Birr 3,891,646,220 ( Three Billion Eight Hundred Ninety One Million Six Hundred Forty Six Thousand Two Hundred Twenty) be paid to shareholders in cash or for purchasing of the Bank's shares, depending upon the choice of each shareholders.



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

### 3.1 Strategy Implementation Status

Awash Bank believes that success comes from a careful choice among the different business alternatives. This concept really encapsulates the importance of having a clear strategic direction and executing it effectively. Accordingly, Awash Bank has developed its ten -years strategic road map under the theme “Transforming AB: Vision 2025” and has been implementing for the last six years. In line with this, during financial year 2021/22, the Bank has performed the following major activities:

- ✓ Developed Business Strategy for Small and Medium Enterprise (SME) Banking and Digital Financial Services (DFS);
- ✓ Selected an international consultant to develop the Bank’s five-year Corporate Strategy Document and commenced the development of the strategy;
- ✓ Established strategic partnership with Government and Non-Government Organizations to sustain its growth and deepen its contribution to the wellbeing of the society;
- ✓ Institutionalized Service Level Agreement in critical service areas;
- ✓ Launched SME entrepreneurship competition dubbed “Tatariwochu”;
- ✓ Launched E-SchoolManagement System solution;
- ✓ Conducted M- wallet enhancement services and launched Awash Birr;
- ✓ Conducted various system enhancements and automated the

manual process of the functions of various Head Office Organs;

- ✓ Developed and rolled out new products and services tailored to different segments of customers; and
- ✓ Crafted/revised various policies and procedures that will support the execution of the strategy.



'Tatariwochu' Entrepreneurship Competition Launching Ceremony



## 3.2 Human Capital

As at June 30 2022, the Bank's total staff has reached 17,393. Awash Bank's success in the period under review was mainly attributed to the hard work and unwavering commitment of its staff who continue to focus and engage in executing the Bank's Strategy. The Bank continued to cement its leadership positions in the industry mainly because of its staff commitment and assiduousness.

To further sustain its growth and leadership position, the Bank continued to invest in enhancing its staff capacity through continuous trainings and development program. Accordingly, more than Birr 163.6 million was spent on staff training and education during FY 2021/22. These trainings impart essential skills in key areas such as Information Technology and cyber security, anti-money laundering, domestic and international banking operations, customer services and leadership.



Induction Training



Friskers Training

### 3.3 Service Delivery Channels

Awash Bank continued to assess the needs of its customers and respond accordingly by offering uninterrupted, seamless and personalized experience in all its channels. During the financial year 2021/22, the Bank opened 159 new branches across the country, raising its total branch network to 725 as at June 30, 2022.

The Bank has also continued providing 24/7 convenient services to its customers during the reporting financial year through other service delivery channels like ATMs, POS terminals, internet banking, mobile and agency banking. At the end of June 30, 2022, the number of ATMs of the Bank reached 442 terminals, POS at 2,355 and Agents at 1, 856.

Moreover, the contact center is also another platform on which customers' enquiries and complaints are addressed through personalized customer services.

### 3.4 Information Technology (IT)

During the period under review, Awash Bank continued to investment on IT and digital services, including establishment of strategic partnership with the major players in the IT and digital ecosystems. The IT, Digital and payments landscape the bank has expanded to brought an enormous leap enabling major payments in the market to be done through the bank's digital channels including bank branches.



Awash Bank has rebranded its mobile and Agent banking dubbed 'Awash BIRR' to the market by introducing additional new features in the product and services catalogue. The Awash e-school implementation has also digitized school management and operation, empowered schools, parents and students to enjoy the e-learning, enabling school fee payments through this platform in a user friendly manner.

The strategic partnership established with Safaricom has put the bank in an ideal position in advancing the services to be delivered by the new entrant through the bank's customers, agents and channels.

The bank has also enhanced its customer's tax payments services already integrated with Ministry of Revenues through Derash Platform. This feature has enabled our customers, found at different tax levels, including small tax payers, to pay their different tax commitments from the comfort of our available channels. Water and Sewerage Authorities at different towns have has also partnered with Awash to pay their bills in a timely and convenient manner.



Awash BIRR Inauguration



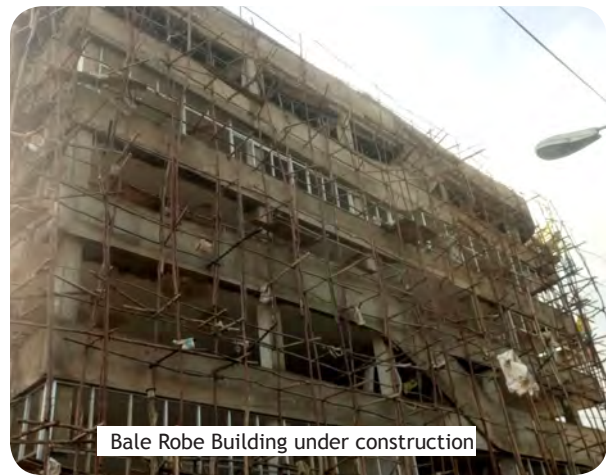


Awash E-School Management System Launching Ceremony

### 3.5 Construction of Own Buildings

Awash Bank, as the first private bank to build its own Headquarters at the hub of Ethiopia financial center, continued to construct its own buildings at different parts of the country. Accordingly, the construction of Bulbula building (2B+G+ 13) and Bale Robe building (B+G+4) were progressing as scheduled. Moreover, structural design and tender document were completed for the envisaged Dire Dawa building.

On the other hand, during FY 2021/22, the Bank has secured land for the construction of buildings at Ambo, Asosa and Woliso towns. Moreover, the process of acquiring land for the future Headquarters complex building from Addis Ababa City Administration has started and expected to be finalized in the coming year.





### 3.6 Corporate Social Responsibility (CSR)

Awash Bank’s social capital is built on the foundation based on the principle” grow together with the communities” in which it operates. Since its establishment, the Bank has been progressively engaged in CSR activities aiming at enhancing the socio-economic situation of the communities in which it operates.

Since its establishment, Awash Bank has been making countless efforts to improve the living conditions of our society through standing via governmental and non-governmental organizations even when its financial capacity was not advanced as of today. In line with this, the Bank has participated in several developmental, humanitarian aid, health issues, social affairs and environmental protection projects by allocating hundreds of millions of Birr over the years.

Accordingly, the Bank has donated more than Birr 118 million to different segments of the society during the financial year 2021/22. The beneficiaries are people affected by drought in Oromia and Somali Regional states, households affected by heavy rain in Amhara Regional State and Mekaneyesus Seminary for rehabilitation of the households evicted by floods.



Donation for Drought Affected Areas of Oromia



Donation for People Affected by Heavy Rain in Amhara Region



Donation for Drought Affected Areas of Somali Region



Donation for Mekaneyesus Seminary for People Affected by Flood



Tree Plantation

### 3.7. Global Recognitions and Accolades

It is gratifying and proud to our country in general and Awash Bank in particular to be rated and ranked among the leading financial institutions in the continent based on various parameters. Accordingly, Global Finance Magazine selected Awash Bank as the Best Bank in Ethiopia in 2022. Moreover, Reputation Poll International LLC, a leading global reputation-management firm, has selected the Chief Executive Officer of the Bank, Mr. Tsehay Shiferaw, as one of the top 50 most reputable Bank CEOs in Africa for FY 2021/22.



Ethiopia's Best Bank Award 2022 by Global Finance





## 4. Interest Free Banking (IFB) Sharia Advisory Committee's Report for Financial Year 2021/22

### 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 SBB/72/2019, Art 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 725 branches, among which 42 (Forty-two) are full-fledged IFB Branches, designated as "Ikhlas", which is brand name for the Bank's Interest Free Banking Services.

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

- ✓ Wadiah saving, Student-Plus, Al-Khair & Labbaik - Wadiah saving accounts;
- ✓ Wadiah current account (Amanah),
- ✓ Unrestricted Mudarabah Investment accounts
- ✓ Murabaha Financing schemes (Cost + Mark-up),
- ✓ Interest-Free Export Financing scheme (Qard) = Free Loans;

- ✓ Loan for Overseas Employment Agencies (Qard) = Free Loans;
- ✓ Loan for the poor (Qard-al Hassan) = Benevolent 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 June 30, 2022. 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 2022 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's profit. However, ETB 16,430,190.87 was collected from defaulted customers in the form of penalty which must be given to Charity. Accordingly, the Shariah Advisory Committee of the Bank ordered to use this fund for supporting communities of selected eleven various geographic areas across the country, where drought, war, famine and shortage of health services are acute. The Shariah Advisory Committee of the Bank appreciates commitment of the Bank CEO for implementing the order.

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



አዋሽ ባንክ  
**AwashBank**  
Nurturing Like the River

# AUDITOR'S REPORT





በፌዴራል ዋና ኦዲተር መሥሪያ ቤት  
የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን  
**Office of the Federal Auditor General  
Audit Service 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 2022, 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 2022 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 2022, gross loans and advances to customers amounted to Birr 129.24 billion, representing 69% of the total assets of the Bank, and impairment allowance for loans and advances to customers amounted to Birr 2.35 billion), impairment of loans and advances is considered a key audit matter.

asc



☎ 251-011-5515222  
251-011-5535012  
251-011-5535015  
251-011-5535018

Fax 251-011-5513083

E-mail: [asc@ascethiopia.com](mailto:asc@ascethiopia.com)  
website [www.ascethiopia.com](http://www.ascethiopia.com)

✉ 5720



**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.

asc





**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.

asc





**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  
28 October 2022

**Audit Services Corporation  
Auditors of  
Awash International Bank Share Company**



## AWASH INTERNATIONAL BANK S.C.

## Financial Statements

## For the year ended 30 June 2022

## Directors, Professional Advisers and registered office

**Company trade license number**

LBB/001/91

**Directors (as of June 30, 2022)**

Amb. Dibaba Abdeta Dirbaba (Dr.)

Gure Kumssa Deressa

Abaynesh Bekele Wakjira

Abaynesh Merga Jena

Alemu Tita Biidu

Beza Tadesse Gurmu

Getachew Olana Jabana

Girma Guluma Woyessa (Eng.)

Gudissa Legesse Diro

kedeme Teshome Woldeyes

Roba Arega Kitata

Yoseph Yonas Kumsa

**Executive Management (as of June 30, 2022)**

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

Tilahun Temotewos Handino

Yohannes Merga Gudina

**Senior Management (as of June 30, 2022)**

Abebe Tadesse Demesash

Aweke Shegu Jetu

Berhanu Balcha Wordofa

Beyene Dekeba Obole

Dereje Getachew Kelemu

Desalegne Assefa Yegzaw

Ebissa Deribe Cheru

Elias Eshetu Ali

Ephrem Bogale Shiferaw

Fikru Gebrewold Ibsa

Gacho Wara Abiyow

Girmay Seyfu Asrat

Gutama Tesfa Ashana

Kelemu Ameha Alemu

Hailu Meskela Gudeta

Chairman

Vice Chairman

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Chief Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Director

Director

Director

Director

Director

Director

Director

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 July 1, 2016)

(Appointed January 1, 2021)

(Appointed Oct 1, 2016)

(Appointed July 1, 2016)

(Appointed July 1, 2016)

(Appointed January 1, 2021)

(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 March 21, 2022)

(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 June 17, 2021)

(Appointed July 1, 2016)

(Appointed July 21, 2021)

(Appointed August 21, 2017)

(Appointed January 1, 2021)

(Appointed January 2, 2021)

(Appointed March 24, 2021)

(Appointed July 1, 2016)



## AWASH INTERNATIONAL BANK S.C.

## Financial Statements

For the year ended 30 June 2022

## Directors, Professional Advisers and registered office (Continued)

**Senior Management (as of June 30, 2022) (Continued)**

Hailu Woldegebriel Teklemariam	Executive Assistant to the CEO	(Appointed July 1, 2016)
Lemessa Bulti Abdeta	Director	(Appointed January 1, 2020)
Lemi Furgassa Bedada	Director	(Appointed November 25, 2019)
Melkamu Tadesse Zewdu	Director	(Appointed January 1, 2021)
Merga Atnafu Hirpa	Director	(Appointed January 1, 2021)
Meseret Ambelu Genie	Director	(Appointed January 1, 2021)
Mohammed Kedir Sado	Director	(Appointed January 1, 2021)
Nurfeta Legesse Kejella	Director	(Appointed December 18, 2018)
Olani Tabor Wami	Director	(Appointed January 1, 2021)
Samson Hussein Jemal	Director	(Appointed June 15, 2021)
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 Tassew	Director	(Appointed January 1, 2021)
Tsehay Getachew Gebeyehu	Director	(Appointed January 1, 2021)
Tussi Mendido Urgessa	Director	(Appointed January 1, 2021)
Wegayehu Teshome Anteneh	Director	(Appointed January 1, 2021)
Wondimagegnehu Berhanu Gemechu	Director	(Appointed July 1, 2016)
Yadessa Miressa Gamtessa	Director	(Appointed October 6, 2021)
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)
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





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 incorporated in Ethiopia in 1994 as the first Privately owned commercial Bank and is domiciled in Ethiopia.

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 2022, the number of shareholders and its paid-up capital increased to over 5,981 and ETB 10.291 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; both for conventional and interest free banking(IFB) customers. Awash Bank focuses on delivering distinctive profitable solutions for its clients in all core areas of commercial banking in the arena of conventional and Interest free Banking.

#### Results and dividends

The Bank's results for the period ended 30 June 2022 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 2022	30 June 2021
	ETB'000	ETB'000
Interest income	14,159,649	9,915,700
Profit / (loss) before tax	7,453,151	4,823,110
Tax (charge) / credit	(2,111,920)	(1,427,361)
Profit / (loss) for the year	5,341,231	3,395,749
Other comprehensive income / (loss) net of taxes	60,631	27,803
Total comprehensive income / (loss) for the year	<b>5,401,862</b>	<b>3,423,552</b>




Tsehay Shiferaw Enfermu  
Chief Executive Officer  
Addis Ababa, Ethiopia



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Statement of Director's 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 Dirbaba (Dr.)  
 Board Chairman  
 28 October 2022



  
 Tsehay Shiferaw Ersemeru  
 Chief Executive Officer  
 28 October 2022

## AWASH INTERNATIONAL BANK S.C.

## Financial Statements

For the year ended 30 June 2022

## Statement of Profit or Loss and Other Comprehensive Income



	Notes	30 June 2022 ETB'000	30 June 2021 ETB'000
Interest income	5	14,159,649	9,915,700
Interest expense	6	(4,376,829)	(3,307,476)
<b>Net interest income</b>		<b>9,782,820</b>	<b>6,608,224</b>
Fees and commission income	7	4,961,459	2,619,557
Other operating income	8	1,513,673	1,208,494
<b>Total operating income</b>		<b>16,257,952</b>	<b>10,436,275</b>
Loss Allowances on Financial Assets	9, 10 & 11	(860,434)	(516,698)
<b>Net operating income</b>		<b>15,397,518</b>	<b>9,919,577</b>
Share of profit from associate	18	8,613	563
<b>Total income</b>		<b>15,406,131</b>	<b>9,920,140</b>
Personnel expenses	12	(5,677,133)	(3,485,353)
Amortisation of intangible assets	21	(34,944)	(16,623)
Depreciation and impairment of property and equipment	22	(334,501)	(244,016)
Interest expense on lease liability	20	(36,613)	(26,801)
Amortisation of Right of Use Asset	20	(400,961)	(289,088)
Other operating expenses	13	(1,468,828)	(1,035,149)
<b>Profit before tax</b>		<b>7,453,151</b>	<b>4,823,110</b>
Taxation	14	(2,111,920)	(1,427,361)
<b>Profit after tax</b>		<b>5,341,231</b>	<b>3,395,750</b>
<b>Other comprehensive income (OCI) net of income tax</b>			
<i>Items that will not be subsequently reclassified into profit or loss:</i>			
Re-measurement gain/(loss) on retirement benefits obligations	26	(7,651)	(6,336)
Deferred tax (liability)/asset on remeasurement gain or loss	14	2,295	1,901
Re-measurement gain/(loss) on retirement benefits obligations (Net)		(5,356)	(4,435)
Fair value through other comprehensive income financial assets : - Unrealized gain arising from measurement at fair value-Equity Instruments		79,313	34,892
Deferred tax (liability)/asset on remeasurement gain or loss		(13,326)	(2,654)
		60,631	27,803
<b>Total comprehensive income for the period</b>		<b>5,401,862</b>	<b>3,423,553</b>
<b>Basic &amp; diluted earnings per share (ETB)</b>	29	<b>570</b>	<b>470</b>

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





# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### As At 30 June 2022

### Statement of Financial Position



	Notes	30 June 2022	30 June 2021
		ETB'000	ETB'000
<b>ASSETS</b>			
Cash and bank balances	15	32,049,124	17,897,386
Loans and advances to customers (Net)	16	126,894,685	86,033,125
Investment securities:			
- Financial assets at fair value through OCI	17	340,030	229,127
- Financial assets at amortized cost	17	13,220,174	17,106,946
Investment in associates	18	52,119	44,068
Other assets	19	4,294,481	2,788,546
Right of Use Leased Assets	20	1,770,816	1,130,468
Intangible assets- Software	21	175,152	59,028
Property and equipment	22	4,549,996	3,395,242
Deferred Tax Assets	14	44,480	-
<b>Total assets</b>		<b>183,391,057</b>	<b>128,683,936</b>
<b>LIABILITIES</b>			
Deposits from customers	23	148,028,613	102,280,950
Borrowings	24	107,580	208,803
Other liabilities	25	11,257,683	8,447,111
Current tax liabilities	14	2,268,417	1,409,111
Lease liabilities	20	450,945	287,297
Severance and Retirement benefit obligations	26	326,674	119,963
Deferred tax liability	14	-	101,300
<b>Total liabilities</b>		<b>162,439,912</b>	<b>112,854,534</b>
<b>EQUITY</b>			
Share capital	27	10,291,407	8,188,948
Share premium	28	1,389	1,389
Retained earnings	30	5,066,847	3,547,495
Legal reserve	31	5,078,283	3,742,975
Risk regulatory reserve	32	362,703	258,709
Other reserve	33	150,517	89,886
<b>Total equity</b>		<b>20,951,145</b>	<b>15,829,402</b>
<b>Total equity and liabilities</b>		<b>183,391,057</b>	<b>128,683,936</b>

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

The financial statements were approved and authorized for issue by the Board of Directors on 28 October 2022 and were signed on its behalf by:

  
  
 Amb. Dibaba Abdetta Dirbaba (Dr.)  
 Board Chairman



  
  
 Tsehay Shiferaw Ensermu  
 Chief Executive Officer

# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### For the year ended 30 June 2022

#### Statement of Changes in Equity



Notes	Share capital ETB'000	Share premium ETB'000	Retained earnings ETB'000	Legal reserve ETB'000	Risk regulatory reserve ETB'000	Other Reserve (Fair value reserve) ETB'000	Other Reserve (Defined Benefit reserve) ETB'000	Total ETB'000
Balance as at 1 July 2020	5,848,271	1,389	2,943,340	2,894,038	209,872	62,902	(3,473)	11,956,339
Prior period Lease Adjustment	-	-	(10,488)	-	-	-	-	(10,488)
Profit for the period	-	-	3,395,750	-	-	-	-	3,395,750
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)	-	-	-	-	-	-	(4,435)	(4,435)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>6,328,602</b>	<b>2,894,038</b>	<b>209,872</b>	<b>97,794</b>	<b>(7,908)</b>	<b>15,372,058</b>
<b>Transactions with owners in their capacity as owners</b>								
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	31	-	(1,706)	-	-	-	-	(1,706)
Transfer to legal reserve	-	-	(848,937)	848,937	-	-	-	-
Transfer to Risk regulatory reserve	32	-	(48,837)	-	48,837	-	-	-
	<b>2,340,677</b>	<b>-</b>	<b>(2,781,108)</b>	<b>848,937</b>	<b>48,837</b>	<b>-</b>	<b>-</b>	<b>457,343</b>
<b>As at 30 June 2021</b>	<b>8,188,948</b>	<b>1,389</b>	<b>3,547,493</b>	<b>3,742,975</b>	<b>258,709</b>	<b>97,794</b>	<b>(7,908)</b>	<b>15,829,401</b>
<b>As at 1 July 2021</b>	<b>8,188,948</b>	<b>1,389</b>	<b>3,547,493</b>	<b>3,742,975</b>	<b>258,709</b>	<b>97,794</b>	<b>(7,908)</b>	<b>15,829,401</b>
Profit for the period	30	-	5,341,231	-	-	-	-	5,341,231
Other comprehensive income:								
Change in fair value of Fair value through other comprehensive income investments (net of tax)	-	-	-	-	-	65,987	-	65,987
Re-measurement gains on defined benefit plans (net of tax)	26	-	-	-	-	-	(5,356)	(5,356)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>8,888,724</b>	<b>3,742,975</b>	<b>258,709</b>	<b>163,781</b>	<b>(13,264)</b>	<b>21,231,263</b>
<b>Transactions with owners in their capacity as owners</b>								
Contributions of equity net of transaction costs (Proceeds from issue of shares)	262,300	-	-	-	-	-	-	262,300
Dividends Capitalized	1,840,159	-	(1,836,914)	-	-	-	-	3,245
Dividends paid	-	-	(486,411)	-	-	-	-	(486,411)
Dividends in Payable	-	-	(47,728)	-	-	-	-	(47,728)
Tax on Retained Earnings	-	-	(9,853)	-	-	-	-	(9,853)
Tax on interest income on foreign	-	-	-	-	-	-	-	-
Directors' allowance	25	-	(1,670)	-	-	-	-	(1,670)
Transfer to legal reserve	31	-	(1,335,308)	1,335,308	-	-	-	-
Transfer to Risk regulatory reserve	32	-	(103,994)	-	103,994	-	-	-
	<b>2,102,459</b>	<b>-</b>	<b>(3,821,878)</b>	<b>1,335,308</b>	<b>103,994</b>	<b>-</b>	<b>-</b>	<b>(280,117)</b>
<b>As at 30 June 2022</b>	<b>10,291,407</b>	<b>1,389</b>	<b>5,066,847</b>	<b>5,078,283</b>	<b>362,703</b>	<b>163,781</b>	<b>(13,264)</b>	<b>20,951,145</b>

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



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Statement of Cash Flows**



	Notes	30 June 2022 ETB'000	30 June 2021 ETB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	34	6,459,533	7,013,207
Directors' allowance paid		(1,670)	(1,706)
Income tax paid	14	(1,409,111)	(1,033,212)
Tax paid on Retained Earnings		(9,853)	(8,984)
Tax paid on interest income on foreign deposit		-	(536)
Retirement benefit paid	26	(4,369)	(2,089)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>5,034,530</b>	<b>5,966,681</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities in NBE bills and bonds	17	3,887,901	(4,227,220)
Purchase of equity investment securities	17	(31,590)	(47,694)
Purchase of Intangible Assets	21	(151,068)	(52,628)
Purchase of property, plant and equipment	22	(1,156,381)	(579,329)
Prepayments on Right of Use Assets		(827,020)	(457,348)
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>1,721,842</b>	<b>(5,364,219)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		262,300	691,636
Receipt ( Payments) of lease liabilities	20	(87,253)	(65,955)
Dividends paid		(486,411)	(223,168)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(311,364)</b>	<b>402,513</b>
<b>Net increase/(decrease) in Cash and bank balances</b>		<b>6,445,008</b>	<b>1,004,976</b>
Cash and cash equivalents at the beginning of the year	15	12,698,221	10,937,607
Foreign exchange (losses)/ gains on cash and cash equivalents	8	1,007,557	755,638
<b>Cash and cash equivalents at the end of the year</b>	15	<b>20,150,786</b>	<b>12,698,221</b>

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





# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### For the year ended 30 June 2022

### Notes to the Financial Statements (Continued)



#### 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 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

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

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept, 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 2022**  
**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.**

The Bank has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2021:

- Definition of Material - amendments to IAS 1 and IAS 8
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

**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.**

**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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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)

***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.

***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.





# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

For the year ended 30 June 2022

### 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)

##### 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 2022**  
**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 2022**  
**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 2022**  
**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 2022**  
**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 2022**  
**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:





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022**  
**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 2022**  
**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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022**  
**Notes to the Financial Statements (Continued)**



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

**2.7 Interest Fee 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 2022**  
**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 2022**  
**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.





# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### For the year ended 30 June 2022

### Notes to the Financial Statements (Continued)



## 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.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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.





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022**  
**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.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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.





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



## 4 Financial risk management

### 4.1 Introduction

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

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

#### 4.1.1 Risk management structure

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

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

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

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

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

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



# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### For the year ended 30 June 2022

### 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
<b>30 June 2022</b>				
Cash and bank balances	15	-	32,049,124	32,049,124
Loans and advances to customers (Net)	16	-	126,894,685	126,894,685
Investment securities:				
- Financial assets at fair value through OCI	17	340,030	-	340,030
- Financial assets at amortized cost	17	-	13,220,174	13,220,174
Other assets	19	-	2,241,976	2,241,976
<b>Total financial assets</b>		<b>340,030</b>	<b>174,405,959</b>	<b>174,745,989</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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	Financial assets at amortized cost	Total
		ETB'000	ETB'000	ETB'000
<b>30 June 2021</b>				
Cash and bank balances	15	-	17,897,386	17,897,386
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	-	17,106,946	17,106,946
Other assets	19	-	1,982,028	1,982,028
<b>Total financial assets</b>		<b>229,127</b>	<b>123,019,485</b>	<b>123,248,612</b>

**4.3 Credit risk**

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and other financial assets.

Exposure to credit risk is managed through periodic analysis of the ability of borrowers and potential borrowers to determine their capacity to meet principal and interest thereon, and restructuring such limits as appropriate. Exposure to credit risk is also mitigated, in part, by obtaining collateral, commercial and personal guarantees .

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to term of the financial instrument and economic sectors.

The National Bank of Ethiopia (NBE) sets credit risk limit for a single borrower, one related party and all related parties to not exceed 25%, 5% and 35% of Bank's total capital amount as of the reporting quarterly period respectively.

Credit management is conducted as per the risk management policy and guideline approved by the board of directors and the Risk Management Committees. Such policies are reviewed and modified periodically based on changes and expectations of the markets where the Bank operates, regulations, and other factors.

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





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022 and 30 June 2021 is represented by the net carrying amounts in the statement of financial position.

	30 June 2022 ETB'000	30 June 2021 ETB'000
Cash and bank balances	32,049,124	17,897,386
Loans and advances to customers (Net)	126,894,685	86,033,125
Investment securities:		
- Financial assets at fair value through OCI	340,030	229,127
- Financial assets at amortized cost	13,220,174	17,106,946
Other assets	2,241,976	1,982,028
	<b>174,745,989</b>	<b>123,248,612</b>
Credit risk exposures relating to off balance sheet items are as follows:		
Loan commitments	10,355,972	5,129,288
Guarantees	7,945,838	3,238,875
Letters of credit	3,843,965	7,060,194
	<b>22,145,775</b>	<b>15,428,357</b>
<b>Total maximum exposure</b>	<b>196,891,764</b>	<b>138,676,969</b>

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

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

	30 June 2022 ETB'000	30 June 2021 ETB'000
Acquired	26,054	18,518
	<b>26,054</b>	<b>18,518</b>

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



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022	30 June 2021
	ETB'000	ETB'000
Domestic trade and services	27,107,021	17,457,203
Export	25,548,341	17,625,711
Building and construction	22,337,729	18,091,986
Import	16,170,654	10,190,725
Manufacturing	15,088,061	10,470,171
Transport	3,185,711	2,250,100
Personal loans	9,639,514	6,244,374
Merchandise	121,266	41,929
Agriculture	358,377	338,670
Staff loans and advances	4,164,666	2,708,137
Murahabah Financing-Domestic Trade	2,130,470	859,938
Murahabah Financing-Export	2,030,366	558,484
Murahabah Financing-Agriculture	10,041	8,994
Murahabah Financing-Building and construction	447,822	339,205
Murahabah Financing-Import	164,161	20,823
Murahabah Financing-Manufacturing	462,223	156,003
Murahabah Financing-Transport	130,015	63,896
Overseas Emp. Agencies Qard_IFB	26,011	37,236
Murahabah Financing-personal	118,566	-
Murabaha Financing -Staff loans & advances	3,170	-
	<b>129,244,185</b>	<b>87,463,585</b>

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

	30 June 2022	30 June 2021
	ETB'000	ETB'000
Pass	122,355,901	80,475,263
Special mention	4,438,291	5,519,993
Substandard	715,048	507,326
Doubtful	850,968	772,602
Loss	874,247	360,343
	<b>129,234,455</b>	<b>87,635,527</b>

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

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



# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### For the year ended 30 June 2022

### 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 2022 and 30 June 2021 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 2022 ETB'000	30 June 2021 ETB'000
A	15,436	365,627
A+	4,777,894	5,724,145
AA-	260,185	224,820
B	-	9,382
B+	-	76,938
BBB+	1,217,362	956,435
Not rated	25,779,909	10,540,874
	<b>32,050,786</b>	<b>17,898,221</b>

##### Definitions of ratings

AA: Very high credit quality	This denotes expectations of a very low default risk. It indicates a very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A: High credit quality	This denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB: Good credit quality	This indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.
Not rated	This indicates financial institutions or other counterparties with no available ratings and cash in hand.

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



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**4 Financial risk management (Continued)**  
**4.3 Credit risk (Continued)**  
**4.3.3 Credit quality analysis (Continued)**  
**(b) Credit quality of loans and advances to customers**

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

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

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

<i>In ETB'000</i>	2022			
	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	84,036,494	-	-	84,036,494
Stage 2 - Special mention	-	3,217,698	-	3,217,698
Stage 3 - Non performing	-	-	2,133,188	2,133,188
<b>Total gross exposure</b>	<b>84,036,494</b>	<b>3,217,698</b>	<b>2,133,188</b>	<b>89,387,380</b>
Loss allowance	(530,720)	(56,945)	(606,260)	(1,193,926)
<b>Net carrying amount</b>	<b>83,505,774</b>	<b>3,160,752</b>	<b>1,526,928</b>	<b>88,193,454</b>

<i>In ETB'000</i>	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
<b>Total gross exposure</b>	<b>80,475,262</b>	<b>5,519,993</b>	<b>1,640,272</b>	<b>87,635,527</b>
Loss allowance	(935,141)	(77,090)	(393,090)	(1,405,321)





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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	2022			Total
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
Stage 1 - Pass	42,194,996	-	-	42,194,996
Stage 2 - Special mention	-	1,220,593	-	1,220,593
Stage 3 - Non performing	-	-	307,075	307,075
<b>Total gross exposure</b>	<b>42,194,996</b>	<b>1,220,593</b>	<b>307,075</b>	<b>43,722,664</b>
Loss allowance	(981,569)	(76,097)	(110,059)	(1,167,726)
<b>Net carrying amount</b>	<b>41,213,427</b>	<b>1,144,496</b>	<b>197,016</b>	<b>42,554,939</b>

In ETB'000	2021			Total
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
Stage 1 - Pass	14,322,086	-	-	14,322,086
Stage 2 - Special mention	-	174	-	174
Stage 3 - Non performing	-	-	13,241	13,241
<b>Total gross exposure</b>	<b>14,322,086</b>	<b>174</b>	<b>13,241</b>	<b>14,335,501</b>
Loss allowance	(101,531)	(14)	(785)	(102,330)
<b>Net carrying amount</b>	<b>14,220,555</b>	<b>160</b>	<b>12,456</b>	<b>14,233,171</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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>	2022			
Other financial assets (debt instruments)		Gross exposure	Loss allowance	Net carrying amount
Cash and balances with banks	12 Month ECL	33,234,203	(1,662)	33,232,541
Investment securities (debt instruments)	12 Month ECL	12,037,358	(602)	12,036,756
Other receivables and financial	Lifetime ECL	3,558,066	(18,844)	3,539,223
<b>Total</b>		<b>48,829,627</b>	<b>(21,107)</b>	<b>48,808,519</b>

<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	2,589,276	(13,499)	2,575,777
<b>Total</b>		<b>38,350,059</b>	<b>(16,065)</b>	<b>38,333,994</b>

#### 4.3.4 Collaterals held and their financial effect

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

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



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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
<b>30 June 2022</b>						
Domestic trade and services	66,340,196	408,408	3,866,895	329,225	2,139,302	73,084,026
Export	16,922,352	469,035	755,329	56,195	718,337	18,921,248
Building and construction	56,841,466	1,034,558	1,266,085	157,068	394,672	59,693,849
Import	31,068,254	452,772	1,254,899	326,356	768,307	33,870,588
Manufacturing	21,703,885	7,018,407	1,190,684	50,162	2,433,512	32,396,650
Transport	2,417,124	118,805	5,421,328	5,179	11,158	7,973,594
Personal loans	11,658,454	38,437	3,651,347	36,898	49,061	15,434,197
Agriculture	609,121	30,567	78,787	-	230,912	949,387
Staff loans and advances	3,835,809	4,206	580,517	1,433	17,827	4,439,792
	<b>211,396,661</b>	<b>9,575,195</b>	<b>18,065,871</b>	<b>962,516</b>	<b>6,763,088</b>	<b>246,763,331</b>
<b>30 June 2021</b>						
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
Agriculture	9,253,866	27,761	1,256,820	41,092	1,728	10,581,267
Personal Loans	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
	<b>139,452,183</b>	<b>4,258,213</b>	<b>10,996,913</b>	<b>731,580</b>	<b>2,411,266</b>	<b>157,850,155</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022, the net carrying amount of credit impaired loans and advances to customers amounted to ETB 2.440 billion (2021: ETB 1.247 billion) and the value of identifiable collateral held against those loans and advances amounted to ETB 4.779 billion (2021: ETB 2.835 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 2022, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL.

**4.3.6 Amounts arising from ECL**

*i) Inputs, assumptions and techniques used for estimating impairment*

See accounting policy in Note 2.6

*ii) Significant increase in credit risk*

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

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

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).
- the Bank uses three criteria for determining whether there has been a significant increase in credit risk:
  - quantitative test based on movement in PD;
  - qualitative indicators; and
  - a backstop of 30 days past due,





# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### For the year ended 30 June 2022

### Notes to the Financial Statements



#### 4 Financial risk management (Continued)

##### 4.3 Credit risk (Continued)

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

##### iii) Credit risk grades

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

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

##### a. Term loan exposures

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

##### b. Overdraft exposures

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

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

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



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements**



**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

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

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

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

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

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

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

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

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

**vi) Definition of default**

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

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



# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### For the year ended 30 June 2022

### Notes to the Financial Statements (Continued)



#### 4 Financial risk management (Continued)

##### 4.3 Credit risk (Continued)

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

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

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

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

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

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

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

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

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

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

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



## AWASH INTERNATIONAL BANK S.C.

## Financial Statements

For the year ended 30 June 2022

## 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)	Goods exports, USD	Services imports, USD	-	-	-
Domestic Trade & Services and Transport (Cluster 2)	-	-	-	-	-
Building & Construction and Manufacturing (Cluster 3)	Goods imports, USD	Real GDP, LCU (2010 prices)	Real GDP, USD (2010 prices)	Real GDP per capita, USD (2010 prices)	-
Export and Import (Cluster 4)	Consumer price index inflation, 2010=100, eop	Goods imports, USD	Current account balance, USD	Import cover months	Real GDP per capita, USD (2010 prices)

## vii) Incorporation of forward-looking

The economic scenarios used as at 30 June 2022 included the following key indicators for Ethiopia for the years 2022 to 2024

Macro-economic factor	2022	2023	2024
Goods exports, USDbn	4,022.00	4,137.00	4,393.00
Services imports, USDbn	5,857.50	6,267.00	6,696.50
Goods imports, USDbn	4,022.00	4,137.00	4,393.00
Real GDP, LCU (2010 prices)	944,211,000,000	998,681,500,000	1,062,988,500,000
Real GDP, USD (2010 prices)	65,526,523,984	69,306,677,493	73,769,466,189
Real GDP per capita, USD (2010 prices)	549	567	589
Consumer price index inflation, 2010=100, eop	581.0731393	689.7085522	758.6794075
Goods imports, USDbn	4,022.00	4,137.00	4,393.00
Current account balance, USDbn	-4482	-4804	-4747.5
Import cover months	1.705	1.72	1.89
Real GDP per capita, USD (2010 prices)	548.962749	566.6069137	588.7835639

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.





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**4 Financial risk**

**4.3 Credit risk (Continued)**

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

Scenario probability weightings

As at June 2022			
	Optimistic	Base	Downturn
Cluster 1	-	97%	3%
Cluster 2	3%	94%	3%
Cluster 3	4%	91%	4%
Cluster 4	2%	94%	3%

As at June 2021			
	Optimistic	Base	Downturn
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.



## AWASH INTERNATIONAL BANK S.C.

### Financial Statements

### For the year ended 30 June 2022

### Notes to the Financial Statements (Continued)



#### 4 Financial risk management (Continued)

##### 4.3 Credit risk (Continued)

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

###### ix) Measurement of ECL

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

- Probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD)

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

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

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

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

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

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

However, for overdrafts that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank’s contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank’s exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**4 Financial risk management (Continued)**

**4.3 Credit risk (Continued)**

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

*ix) Measurement of ECL (Continued)*

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

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

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

*x) Loss allowance*

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

In ETB'000	30-Jun-22			Total
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
Loans and advances to customers at amortised cost (on balance sheet exposures)				
Balance as at 1 July 2021	935,141	77,090	393,090	1,405,321
Transfer to stage 1 (12 months ECL)	152,781	(4,633)	(1,222)	146,925
Transfer to stage 2 (Lifetime ECL not credit impaired)	(18,498)	5,998	(498)	(12,998)
Transfer to stage 3 (Lifetime ECL credit impaired)	(294,621)	(72,429)	227,392	(139,658)
Net remeasurement of loss allowance	67,260	63,922	146,590.67	277,773
Net financial assets originated or purchased	372,084	31,950	11,818	415,852
Financial assets derecognised	(683,425)	(44,954)	(170,910)	(899,289)
Balance as at 30 June 2022	530,720	56,945	606,260	1,193,926



## AWASH INTERNATIONAL BANK S.C.

## Financial Statements

For the year ended 30 June 2022

## Notes to the Financial Statements (Continued)



## 4 Financial risk management (Continued)

## 4.3 Credit risk (Continued)

## 4.3.6 Amounts arising from ECL (Continued)

## x) Loss allowance (Continued)

In ETB'000	30-Jun-21			Total
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
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	(115,145)	23,628	(3,398.92)	(94,916)
New 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

In ETB'000	30-Jun-22			Total
	Stage 1	Stage 2	Stage 3	
Loan commitments and financial guarantee contracts (off balance sheet exposures)				
Balance as at 1 July 2021	101,531	14	785	102,330
Transfer to stage 1 (12 months ECL)	479,368	-	(3)	479,365
Transfer to stage 2 (Lifetime ECL not credit impaired)	(57,775)	-	-	(57,775)
Transfer to stage 3 (Lifetime ECL credit impaired)	(9,468)	-	7,883	(1,585)
Net remeasurement of loss	149,577	77,984	65,583	293,144
New financial assets originated or purchased	502,198	18,322	92,708	613,228
Financial assets derecognised	(183,862)	(20,223)	(56,897)	(260,982)
Balance as at 30 June 2022	981,569	76,097	110,059	1,167,726





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements**



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			Total
	2 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
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)	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

In ETB'000	30-Jun-22			Total
	Cash and balances with banks	Investment securities (debt)	Other receivables and financial	
Other financial assets (debt instruments)				
Balance as at 01 July 2020	835	1,731	13,499	16,065
Net remeasurement of loss	827	(1,119)	5,345	5,052
Balance as at 30 June 2021	1,662	602	18,844	21,117



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements**



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 2021	612	650	9,484	10,746
Net remeasurement of loss	223	1,081	4,015	5,319
Balance as at 30 June 2022	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.

	30 June 2022 ETB'000	30 June 2021 ETB'000
Loan commitments	10,355,972	5,129,288
Guarantees	7,945,838	3,238,875
Letters of credit	3,843,965	7,060,194
	<b>22,145,775</b>	<b>15,428,357</b>



# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### For the year ended 30 June 2022

### 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 4 year
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
<b>30 June 2022</b>					
Deposits from customers	5,537,613	10,213,000	14,090,000	27,913,000	90,275,000
Other liabilities	5,455,842	3,978,189	-	-	-
<b>Total financial liabilities</b>	<b>10,993,455</b>	<b>14,191,189</b>	<b>14,090,000</b>	<b>27,913,000</b>	<b>90,275,000</b>
Loan commitments	-	10,355,972	-	-	-
Guarantees	-	-	7,945,838	-	-
Letters of credit	-	3,843,965	-	-	-
Other commitments	-	552,061	-	-	-
	-	<b>14,751,998</b>	<b>7,945,838</b>	-	-
Assets held for managing liquidity risk	<b>32,642,000</b>	<b>12,549,010</b>	<b>28,373,400</b>	<b>23,812,800</b>	<b>90,532,550</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2021	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 4 year
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Deposits from customers	13,323,904	7,269,000	10,033,000	19,325,000	61,667,000
Other liabilities	1,082,406	5,793,250	-	-	-
<b>Total financial liabilities</b>	<b>14,406,310</b>	<b>13,062,250</b>	<b>10,033,000</b>	<b>19,325,000</b>	<b>61,667,000</b>
Loan commitments	-	5,129,288	-	-	-
Guarantees	-	-	3,238,875	-	-
Letters of credit	-	7,060,194	-	-	-
Other commitments	-	1,586,895	-	-	-
	-	<b>13,776,377</b>	<b>3,238,875</b>	-	-
Assets held for managing liquidity risk	<b>13,161,920</b>	<b>20,104,160</b>	<b>8,076,970</b>	<b>11,607,190</b>	<b>52,633,220</b>

**4.5 Market risk**

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

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

**4.5.1 Management of market risk**

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

Market risk is monitored by the risk and compliance management function regularly, to identify any adverse movement in the underlying variables.

**(i) Interest rate risk**

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

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





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**4 Financial risk management (Continued)**

**4.5 Market risk (Continued)**

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

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

	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
<b>30 June 2022</b>			
<b>Assets</b>			
Cash and bank balances	-	32,050,786	32,050,786
Loans and advances to customers	123,843,076	5,401,109	129,244,185
Investment securities	13,220,776	340,030	13,560,806
Other assets	-	2,260,820	2,260,820
<b>Total</b>	<b>137,063,852</b>	<b>37,791,925</b>	<b>174,855,777</b>
<b>Liabilities</b>			
Deposits from customers	89,166,801	58,861,812	148,028,613
Other liabilities	-	9,434,031	9,434,031
<b>Total</b>	<b>89,166,801</b>	<b>68,295,843</b>	<b>157,462,644</b>
	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
<b>30 June 2021</b>			
<b>Assets</b>			
Cash and bank balances	-	17,898,221	17,898,221
Loans and advances to customers	86,512,779	1,026,507	87,539,286
Investment securities	17,108,677	229,127	17,337,804
Other assets	-	1,995,527	1,995,527
<b>Total</b>	<b>103,621,456</b>	<b>21,149,382</b>	<b>124,770,838</b>
<b>Liabilities</b>			
Deposits from customers	63,535,751	38,745,199	102,280,950
Other liabilities	-	7,394,168	7,394,168
<b>Total</b>	<b>63,535,751</b>	<b>46,139,367</b>	<b>109,675,118</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022 was ETB 8.383billion (30 June 2021: ETB 8.383billion).

***Foreign currency denominated balances***

	30 June 2022	30 June 2021
	ETB'000	ETB'000
US dollars (USD)	6,004,520	7,672,144
British pounds (GBP)	123,563	316,695
Euros (EUR)	309,998	296,597
Djiboutian franc (DJF)	1	10
Swiss franc (CHF)	8,346	78,810
Swedish Krona (SEK)	6,422	2,334
Japanese yen (JPY)	12,012	16,349
Saudi Riyal (SAR)	2,516	-
	<b>6,467,378</b>	<b>8,382,939</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022	30 June 2021
	ETB'000	ETB'000
Effect of a 10% Increase of the ETB against USD	600,452	767,214
Effect of a 10% Decrease of the ETB against USD	(600,452)	(767,214)
Effect of a 10% Increase of the ETB against GBP	12,356	31,670
Effect of a 10% Decrease of the ETB against GBP	(12,356)	(31,670)
Effect of a 10% Increase of the ETB against EUR	31,000	29,660
Effect of a 10% Decrease of the ETB against EUR	(31,000)	(29,660)
Effect of a 10% Increase of the ETB against JPY	1,201	1,635
Effect of a 10% Decrease of the ETB against JPY	(1,201)	(1,635)
Effect of a 10% Increase of the ETB against CHF	835	7,881
Effect of a 10% Decrease of the ETB against CHF	(835)	(7,881)
Effect of a 10% Increase of the ETB against SEK	642	233
Effect of a 10% Decrease of the ETB against SEK	(642)	(233)
Effect of a 10% Increase of the ETB against DJF	0	1
Effect of a 10% Decrease of the ETB against DJF	(0)	(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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022	30 June 2021
	ETB'000	ETB'000
<b>Capital</b>		
Share capital	10,291,407	8,188,948
Share premium	1,389	1,389
Legal reserve	5,078,283	3,742,975
	<b>15,371,079</b>	<b>11,933,312</b>
<b>Risk weighted assets</b>		
Risk weighted balance for on-balance sheet items	140,257,051	96,483,340
Credit equivalent for off-balance	4,092,778	4,768,350
	<b>144,349,829</b>	<b>101,251,690</b>
Risk-weighted Capital Adequacy Ratio (CAR)	11%	12%
Minimum required capital	8%	8%
Excess	3%	4%

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

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

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





# AWASH INTERNATIONAL BANK S.C.

## Financial Statements

### For the year ended 30 June 2022

### Notes to the Financial Statements (Continued)



#### 4 Financial risk management (Continued)

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

#### 4.7.1 Valuation models

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

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, another valuation technique in which all significant inputs are directly or indirectly observable from market data.

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

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

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

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

	30 June 2022		30 June 2021	
	Carrying amount ETB'000	Amortized Cost ETB'000	Carrying amount ETB'000	Amortized Cost ETB'000
<b>Financial assets</b>				
Cash and bank balances	32,049,124	32,049,124	17,897,386	17,897,386
Loans and advances to customers	126,894,685	126,894,685	86,033,125	86,033,125
Investment securities				
- Financial assets at fair value through OCI	-	-	-	-
- Financial assets at amortized cost	13,220,174	13,220,174	17,106,946	17,106,946
Other assets	2,241,976	2,241,976	1,982,028	1,982,028
<b>Total</b>	<b>174,405,959</b>	<b>174,405,959</b>	<b>123,019,485</b>	<b>123,019,485</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



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

	30-Jun-22		30-Jun-21	
	Carrying amount ETB'000	Amortized Cost ETB'000	Carrying amount ETB'000	Amortized Cost ETB'000
<b>Financial liabilities</b>				
Deposits from customers	148,028,613	148,028,613	102,280,950	102,280,950
Other liabilities	9,434,031	9,434,031	7,394,168	7,394,168
<b>Total</b>	<b>157,462,644</b>	<b>157,462,644</b>	<b>109,675,118</b>	<b>109,675,118</b>

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

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

**4.7.4 Transfers between the fair value hierarchy categories**

During the two reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

**4.8 Offsetting financial assets and financial liabilities**

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



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>5 Interest income</b>		
Loans and advances	12,977,665	9,149,779
National Bank of Ethiopia bills and bonds	147,555	386,859
National Bank of Ethiopia Treasury Bills	759,301	171,469
Due from other banks	275,128	207,593
	<b>14,159,649</b>	<b>9,915,700</b>

Included within various line items under interest income for the year ended 30 June 2022 is a total of ETB 250.817 million (30 June 2021: ETB 102.803 million ) relating to impaired loans and advances.

	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>6 Interest expense</b>		
Deposits from customers	4,024,034	3,096,715
Due to National Bank of Ethiopia	47,869	7,757
Due to other banks	304,926	203,004
	<b>4,376,829</b>	<b>3,307,476</b>

	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>7 Fees and commission income</b>		
Cash payment orders and cheques	2,050	2,569
Foreign currency transactions	2,428,476	40,485
Letters of credit	1,093,006	818,094
Letters of guarantee	264,944	125,195
Telegraphic transfers	7	407
Money transfers	19,223	9,920
Other commission	943,254	1,568,315
Murabaha Income	210,499	54,572
	<b>4,961,459</b>	<b>2,619,557</b>







**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>12 Personnel expenses</b>		
Salaries and wages	2,663,660	1,762,263
Staff allowances	1,035,718	838,947
Provident fund and pension costs - Defined contribution plan	321,516	212,909
Provident fund and pension costs - Defined benefit plans	203,429	94,345
Prepaid staff expense	5,432	38,295
Bonus	974,735	381,885
Other staff expenses	472,643	156,709
	<b>5,677,133</b>	<b>3,485,353</b>
<b>13 Other operating expenses</b>		
Rent	5,226	9,908
Stationery	203,347	92,217
Transportation	103,544	58,018
Telephone and related charges	71,164	50,601
Professional and legal fees	282,034	22,359
Audit fee	2,168	798
Insurance	24,428	17,124
Taxes	17,096	108,302
Fuel	11,712	6,452
Repair and maintenance	95,245	65,660
Other expenses	202,134	168,615
Card charges	39,138	28,960
Cleaning	7,770	6,754
Entertainment	36,488	14,142
Utility	22,274	14,396
Bank charges	9,131	7,210
Penalties	1,264	360
Loss on Disposal of old assets	14,358	2,573
Membership fees	1,496	329
Board Members fees	1,560	1,320
Loss provision for doubtful debt and assets damage_North Ethiopia conflict	-	201,758
Provision on legal claims	2,445	-
Impairment (Reversal) on Off Balance sheet items	(649)	650
Shariah Advisory committee fees	1,010	863
Advertising and publicity	190,455	100,730
Donation	118,406	55,050
Bad Debt expense	3,519	-
Land and Building taxes	992	-
Wadi'ah Deposits	123	-
Mudarabah Investment	950	-
	<b>1,468,828</b>	<b>1,035,149</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>14 Income tax</b>		
<b>14a Current income tax</b>		
Company income tax due to Federal Gov't	2,262,458	1,404,823
Rental income tax due to Regional Gov't and City Admin.	6,273	4,600
Deferred income tax/(credit) to profit or loss	(156,811)	17,939
Total charge to profit or loss	<b>2,111,920</b>	<b>1,427,361</b>
Tax (credit) on other comprehensive income	-	-
Total tax in statement of comprehensive income	<b>2,111,920</b>	<b>1,427,361</b>

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

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

<b>Profit before tax</b>	<b>7,453,151</b>	<b>4,823,110</b>
<b>Add : Disallowed expenses and reversals</b>		
Entertainment	36,488	14,142
Donation	5,098	150
Penalty	1,264	360
Taxes Paid on Tax audit	1,877	98,122
Accrued Leave	236,587	119,568
Amortisation of Right of Use Asset	400,961	289,088
Interest expense on lease liability	36,613	26,801
Long service Award (Severance and Gratuity pay)	203,429	94,345
Amortization of employee prepaid expense	5,432	38,295
Bad debt written off	1,046	-
Provision for loans and advances as per IFRS	855,392	512,237
Impairment Losses Reversal on Other Assets (includes Local and Foreign Deposits, NBE Bills and Bonds and Receivables)	5,042	4,461
Impairment Losses (Reversal) on off Balance Sheets (LC and Guarantees)	(649)	650
Bonus Provisional expenses	974,735	381,000
provision for doubtful debt- litigation Cases	2,445	1,318
Loss provision for doubtful debt and assets damage_North Ethiopia conflict	-	201,758
Depreciation for accounting purpose_PPE	334,501	244,016
Amortization for accounting purpose_Intangible Assets	34,944	16,623
Net rental loss from rental operations	5,056	4,446
<b>Total disallowable expenses and reversals</b>	<b>3,140,261</b>	<b>2,047,380</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**14 Income tax (Continued)**

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

**Less : Allowed expenses and reversals**

Depreciation and Amortization for tax purpose

Amortization on Prepaid Rent

Amortization on leasehold land

Accrued Leave Paid

Share of profit from associate

Provision for loans and advances for tax

Impairment Losses on Other Assets for tax

Bonus

Interest income taxed at source foreign

Dividend income taxed at source

Interest income taxed at source Local

Net rental income from rental operations

**Total allowable expenses and reversals**

**Taxable profit**

**30 June 2022    30 June 2021**

**ETB'000            ETB'000**

	420,325	302,851
	429,273	297,638
	514	489
	13,084	111,495
	8,613	563
	541,388	276,400
	2,492	21,607
	399,521	381,885
	263	541
	33,780	20,905
	1,181,722	758,041
	20,910	15,333
	<b>3,051,885</b>	<b>2,187,748</b>
	<b>7,541,527</b>	<b>4,682,742</b>

**Current tax at 30%**

**2,262,458            1,404,823**

**2,262,458            1,404,823**

**14c Current income tax liability**

Balance at the beginning of the year

Charge for the year:

Income tax expense

Rental income tax due to Regional Gov't and City Admin.

Prior year (over)/ under provision

Withholding tax

Payment during the year

Balance at the end of the year

**30 June 2022    30 June 2021**

**ETB'000            ETB'000**

	1,409,111	1,033,212
	2,262,458	1,404,823
	6,273	4,600
	-	-
	(314)	(312)
	(1,409,111)	(1,033,212)
	<b>2,268,417</b>	<b>1,409,111</b>

All tax payable is current in nature.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**14d Deferred income tax**

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

	30 June 2022	30 June 2021
	ETB'000	ETB'000
To be recovered after more than 12 months	44,480	(101,300)

**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 2021	Credit/ (charge) to P/L	Credit/ (charge) to equity	30 June 2022
	ETB'000	ETB'000	ETB'000	ETB'000
<b>Deferred income tax assets/(liabilities):</b>				
Property, plant and equipment	(125,432)	(117,522)	-	(242,954)
Post employment benefit obligation	35,989	59,718	2,295	98,002
Provision for accrued leave	(29,336)	64,442	-	35,106
Provision for accrued bonus	27,947	150,173	-	178,120
Unrealized fair value gain (loss) on Equity Instruments	(10,468)	-	(13,326)	(23,794)
<b>Total deferred tax assets/(liabilities)</b>	<b>(101,300)</b>	<b>156,811</b>	<b>(11,031)</b>	<b>44,480</b>

	At 1 July 2020	Credit/ (charge) to P/L	Credit/ (charge) to equity	30 June 2021
	ETB'000	ETB'000	ETB'000	ETB'000
<b>Deferred income tax assets/(liabilities):</b>				
Property, plant and equipment	(79,816)	(45,616)	-	(125,432)
Post employment benefit obligation	6,411	27,677	1,901	35,989
Provision for accrued leave	65,207	(94,543)	-	(29,336)
Provision for bonus leave	86,353	(58,406)	-	27,947
Unrealized fair value gain (loss) on Equity Instruments	(7,814)	-	(2,654)	(10,468)
<b>Total deferred tax assets/(liabilities)</b>	<b>70,341</b>	<b>(170,888)</b>	<b>(753)</b>	<b>(101,300)</b>





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



14e Rental Income tax	2022						
	Addis Ababa	Oromia Regional Gov't	Oromia Regional Gov't (PMB)	Sidama Regional Gov't	Harari Regional Gov't	South Regional Gov't	Total
Income:	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Rental Income	14,284	2,085	24,526	7,430	786	208	49,319
<b>Expenses:</b>							
Salaries and wa	1,838	958	2,472	1,778	496	-	7,542
Uniform	-	-	-	-	-	-	-
Insurance	52	14	64	74	3	3	210
Deprecation	5,305	1,917	7,430	4,582	341	-	19,575
Repair and maintenance	4	4	15	6	-	-	29
Cleaning	-	-	-	-	-	-	-
Building Taxes	12	74	319	198	2	1	606
Utilities	409	-	183	463	-	-	1,055
<b>Total Rental Expenses</b>	<b>7,620</b>	<b>2,968</b>	<b>10,484</b>	<b>7,101</b>	<b>842</b>	<b>4</b>	<b>29,019</b>
<b>from Rental Operation</b>	<b>6,664</b>	<b>(883)</b>	<b>14,042</b>	<b>329</b>	<b>(56)</b>	<b>204</b>	<b>20,300</b>
Loss BF	-	-	-	(4,422)	(24)	-	(4,446)
<b>Operation Income (Loss) After Loss BF</b>	<b>6,664</b>	<b>(883)</b>	<b>14,042</b>	<b>(4,093)</b>	<b>(80)</b>	<b>204</b>	<b>15,854</b>
tax (30%) Due to Regional Gov't and City	1,999	(265)	4,213	(1,228)	(24)	61	4,756
	2021						
	Addis Ababa	Oromia Regional Gov't	SNNP	Harari Regional Gov't	Total		
Income:	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000		
Rental Income	15,217	24,989	5,653	714	46,573		
<b>Expenses:</b>							
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		
<b>Total Rental Expenses</b>	<b>7,376</b>	<b>11,995</b>	<b>6,482</b>	<b>738</b>	<b>26,591</b>		
<b>Net Profit (Loss) from Rental Operation</b>	<b>7,841</b>	<b>12,994</b>	<b>(829)</b>	<b>(24)</b>	<b>19,982</b>		
Loss BF	-	(5,502)	(3,593)	-	(9,095)		
<b>Rental Operation Income After Loss Gov't and City Admin.</b>	<b>7,841</b>	<b>7,492</b>	<b>(4,422)</b>	<b>(24)</b>	<b>10,887</b>		
	2,352	2,248	(1,327)	(7)	3,266		



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>15 Cash and bank balances</b>		
Cash in hand	2,132,824	2,049,226
Reserve account with National Bank of Ethiopia	11,900,000	5,200,000
Balance held with National Bank of Ethiopia	10,687,539	727,363
Deposits with foreign banks	6,336,189	7,630,098
Deposit with local banks Maturing in three months	-	-
Ethiopian Government Treasury Bills Maturing in three months	994,234	2,291,534
	<b>32,050,786</b>	<b>17,898,221</b>
Less: Loss allowances	(1,662)	(835)
	<b>32,049,124</b>	<b>17,897,386</b>
<i>Maturity analysis</i>		
Current	20,150,786	12,698,221
Non-Current	11,900,000	5,200,000
	<b>32,050,786</b>	<b>17,898,221</b>
<b>15 Cash and bank balances (Continued)</b>		
<b>15a Cash and cash equivalents</b>		

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 2022	30 June 2021
	ETB'000	ETB'000
Cash on hand	2,132,824	2,049,226
Deposit with local banks Maturing in three months	-	-
Deposit with foreign banks	6,336,189	7,630,098
Balance held with National Bank of Ethiopia	10,687,539	727,363
Ethiopian Government Treasury Bills Maturing in three months	994,234	2,291,534
	<b>20,150,786</b>	<b>12,698,221</b>

The total cash on hand and at bank includes ETB 40.919 million at the Bank's branches in the Tigray Region, the existence of which could not be confirmed due to the current conflict. Moreover, we have reclassified local deposits and treasury bills maturing in three months as cash and bank balances and the remaining as investment securities.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>16 Loans and advances to customers</b>		
Domestic trade and services	27,107,021	17,457,203
Export	25,548,341	17,625,711
Building and construction	22,337,729	18,091,986
Import	16,170,654	10,190,725
Manufacturing	15,088,061	10,470,171
Transport	3,185,711	2,250,100
Personal loans	9,639,514	6,244,374
Merchandise	121,266	41,929
Agriculture	358,377	338,670
Staff loans and advances	4,164,666	2,708,137
Murahabah Financing-Domestic Trade	2,130,470	859,938
Murahabah Financing-Export	2,030,366	558,484
Murahabah Financing-Agriculture	10,041	8,994
Murahabah Financing-Building and construction	447,822	339,205
Murahabah Financing-Import	164,161	20,823
Murahabah Financing-Manufacturing	462,223	156,003
Murahabah Financing-Transport	130,015	63,896
Overseas Emp. Agencies Qard_IFB	26,011	37,236
Murahabah Financing-personal	118,566	29,657
Murahabah Financing -Staff loans & advances	3,170	46,044
	<b>129,244,185</b>	<b>87,539,286</b>
Loan Loss Allowance_Stage 1	(1,512,191)	(1,035,182)
Loan Loss Allowance_Stage 2	(133,043)	(77,104)
Loan Loss Allowance_Stage 3	(704,266)	(393,875)
	<b>126,894,685</b>	<b>86,033,125</b>

The total loans and advances and IFB financing balance of ETB 703.111 million and the related collateral at the Bank's Tigray Region branches are treated in the same manner as the other loans and advances and IFB financing balances, even though the status of those balances could not be determined due to the Region's current conflict.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2020	Charge for the year 2021	As at 30 June 2021	Remeasureme nt and Charge for the year 2022	As at 30 June 2022
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Domestic trade and services	254,901	173,153	428,054	191,227	619,281
Building and construction	72,326	75,616	147,942	7,902	155,844
Manufacturing	60,893	(3,660)	57,233	24,505	81,738
Export	462,385	101,893	564,278	196,028	760,306
Import	33,007	115,250	148,257	69,998	218,255
Transport	75,905	(29,256)	46,649	190,159	236,808
Merchandise	592	(167)	425	1,992	2,417
Agriculture	1,195	3,397	4,592	13,013	17,605
Personal	9,134	46,245	55,379	77,660	133,039
Staff loans and Advances	2,782	10,069	12,851	6,774	19,625
Interest Free Banking	20,805.00	19,696	40,501	64,081	104,582
	<b>993,925</b>	<b>512,236</b>	<b>1,506,161</b>	<b>843,339</b>	<b>2,349,500</b>
				<b>30 June 2022</b>	<b>30 June 2021</b>
				<b>ETB'000</b>	<b>ETB'000</b>
<b>17 Investment securities</b>					
<b>Financial assets at fair value through OCI :</b>					
Financial assets at FVOCI (equity investments)				340,030	229,127
				<b>340,030</b>	<b>229,127</b>
<b>Financial assets at amortized cost :</b>					
Ethiopian Government Treasury Bills				10,125,133	5,237,338
Ethiopian Government bills				-	9,915,829
DBE Bill				889,186	-
Deposits with Local Banks				2,177,651	1,928,195
Ethiopian Government bonds				28,806	27,315
				<b>13,220,776</b>	<b>17,108,677</b>
Less: Loss allowances				(602)	(1,731)
				<b>13,220,174</b>	<b>17,106,946</b>

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.





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**17 Investment securities (Continued)**

The Bank equity investment comprises:

	30 June 2022	Fair Value Adjustment	Additional Investment	30 June 2021
	ETB'000	ETB'000	ETB'000	ETB'000
<b>Entities</b>				
Ethiopian Reinsurance Share co.	31,766	(10,723)	9,810	32,679
Awash Insurance Share co.	105,730	6,784	13,643	85,304
Eth-Switch Solution Share co.	190,858	85,991	-	104,867
Negat Mechanical Engineering Share Co.	(1,191)	66	-	(1,257)
ODA Share Co.	12,616	(2,805)	8,137	7,284
Sheger Smart City Real estate S.C.	250	-	-	250
	<b>340,030</b>	<b>79,313</b>	<b>31,590</b>	<b>229,127</b>

As draft financial statement of both Negat Mechanical Engineering Share Co. and Ethiopian Reinsurance Share company were not ready for valuation, the last valuation date for our investments was on June 30, 2021.

	No of Shares	Proportion	30 June 2022	30 June 2021
			ETB'000	ETB'000
<b>18 Investment in associate</b>				
Premier Switch Solutions S.C.	44,996	30.12%	52,119	44,069

**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 2022 have been used.

The financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**18 Investment in associate (Continued)**

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

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

	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>Summarised statement of comprehensive income</b>		
Income	111,686	48,884
Operating expense	(90,662)	(54,710)
Profit from continuing operation	21,024	(5,826)
Finance income	8,514	8,849
Finance costs	-	-
Net finance costs	8,514	8,849
Profit(loss) before tax	29,538	3,023
Income tax	(435)	(1,054)
Profit after tax	29,103	1,969
Legal reserve	-	(98)
Board Allowances	(507)	-
Net profit for the year	<b>28,596</b>	<b>1,871</b>

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

Share of profit from associate	8,613	563
--------------------------------	-------	-----

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 2022	30 June 2021
	ETB'000	ETB'000
Opening net assets 1 July	146,311	151,293
Profit for the period	28,596	1,969
Dividend Paid	(1,871)	(6,951)
Closing net assets	<b>173,037</b>	<b>146,311</b>
Bank's share in %	30.12%	30.12%
Bank's share in ETB	52,119	44,069
Carrying amount on the Bank's financial statement	<b>52,119</b>	<b>44,069</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>19 Other assets</b>		
<b>Financial assets</b>		
Uncleared effects	106,722	601,518
Other receivables	2,154,098	1,394,009
<b>Gross amount</b>	<b>2,260,820</b>	<b>1,995,527</b>
Less: Loss allowances (note 19a)	(18,844)	(13,499)
	<b>2,241,976</b>	<b>1,982,028</b>
<b>Non-financial assets</b>		
Repossessed collateral	26,054	18,518
Prepayments	354,601	198,707
Office supplies	268,555	140,774
Prepaid staff asset	1,403,295	448,519
<b>Gross amount</b>	<b>2,052,505</b>	<b>806,518</b>
	<b>4,294,481</b>	<b>2,788,546</b>
<b>Maturity analysis</b>		
Current	2,510,531	2,122,802
Non-Current	1,783,950	665,744
	<b>4,294,481</b>	<b>2,788,546</b>

**19a Loss allowance on other assets**

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

	30 June 2022	30 June 2021
	ETB'000	ETB'000
Balance at the beginning of the year	13,499	9,485
(Reversal)/charge for the year (note 10)	5,344	4,014
Receivables - Bad Debts Write Off	-	-
<b>Balance at the end of the year</b>	<b>18,843</b>	<b>13,499</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



## 20 Right of Use Assets and Lease Obligation

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

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

	Land ETB'000	Building ETB'000	Total ETB'000
<b>Cost:</b>			
Balance at 01 July 2021	24,895	1,105,573	1,130,468
Additions	9,608	1,031,701	1,041,309
<b>Balance at 30 June 2022</b>	<b>34,503</b>	<b>2,137,274</b>	<b>2,171,777</b>
<b>Amortisation</b>			
Balance at 01 July 2021	-	-	-
Charge for the year	650	400,311	400,961
<b>Balance at 30 June 2022</b>	<b>650</b>	<b>400,311</b>	<b>400,961</b>
<b>Net Carrying Value at 30 June 2022</b>	<b>33,853</b>	<b>1,736,963</b>	<b>1,770,816</b>

### ii. Lease Liabilities:

	Land ETB'000	Building ETB'000	Total ETB'000
Balance at 01 July 2021	6,051	281,246	287,297
Additions	7,896	206,393	214,289
Interest expense in P & L	52	36,561	36,613
payment of leases	(200)	(87,053)	(87,253)
<b>Balance at 30 June 2022</b>	<b>13,799</b>	<b>437,146</b>	<b>450,945</b>

The Bank recognises a lease liability at the present value of the lease payments that are not paid at that date. The Bank uses an incremental borrowing rate that is based on the weighted average cost of deposits across the years. The rates used to compute the present values of buildings lease liabilities as at 30 June 2022 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.

The opening balance difference arose due to prior period adjustments made in the comparative period.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



	<b>Purchased software ETB'000</b>
<b>21 Intangible assets-Computer software</b>	
<b>Cost:</b>	
As at 1 July 2020	190,132
Acquisitions	52,628
As at 30 June 2021	<u>242,760</u>
As at 1 July 2021	242,760
Acquisitions/ Disposal	151,068
As at 30 June 2022	<u>393,828</u>
<b>Accumulated amortisation</b>	
As at 1 July 2020	167,109
Amortisation for the year	16,623
Impairment losses	-
As at 30 June 2021	<u>183,732</u>
As at 1 July 2021	183,732
Amortisation for the year	34,944
Impairment losses	-
As at 30 June 2022	<u>218,676</u>
<b>Net book value</b>	
As at 1 July 2020	<u>23,023</u>
As at 30 June 2021	<u>59,028</u>
As at 30 June 2022	<u>175,152</u>





## AWASH INTERNATIONAL BANK S.C.

## Financial Statements

For the year ended 30 June 2022

## Notes to the Financial Statements (Continued)



	Freehold Land	Buildings	Motor vehicles	Furniture, fittings and equipments	Computer equipment	Construction-work in progress	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
<b>22 Property and equipment</b>							
<b>Cost:</b>							
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)
Reclassifications	-	-	-	77,148	14,895	-	92,043
<b>As at 30 June 2021</b>	<b>4,391</b>	<b>1,784,301</b>	<b>554,621</b>	<b>1,152,855</b>	<b>582,304</b>	<b>441,522</b>	<b>4,519,994</b>
As at 1 July 2021	4,391	1,784,301	554,621	1,152,855	582,304	441,522	4,519,994
Adjustments	-	-	-	35	-	-	35
Additions	-	95,802	266,910	486,528	247,878	59,263	1,156,381
Disposals	-	-	-	(34,006)	(10,636)	-	(44,642)
Reclassification	-	-	-	242,400	106,505	-	348,905
<b>As at 30 June 2022</b>	<b>4,391</b>	<b>1,880,103</b>	<b>821,531</b>	<b>1,847,812</b>	<b>926,051</b>	<b>500,785</b>	<b>5,980,673</b>
<b>Accumulated depreciation</b>							
As at 1 July 2020	-	114,387	201,389	324,605	259,727	-	900,108
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)
<b>As at 30 June 2021</b>	<b>-</b>	<b>148,757</b>	<b>244,674</b>	<b>405,872</b>	<b>324,766</b>	<b>-</b>	<b>1,124,069</b>
As at 1 July 2021	-	148,757	244,674	405,872	324,766	-	1,124,069
Depreciation Charge for the year	-	36,875	61,345	155,296	80,940	-	334,456
Adjustments/ Transfer charge	-	-	-	-	-	-	-
Disposals	-	-	-	(21,131)	(7,296)	-	(28,427)
<b>As at 30 June 2022</b>	<b>-</b>	<b>185,632</b>	<b>306,019</b>	<b>540,037</b>	<b>398,410</b>	<b>-</b>	<b>1,430,098</b>
<b>Accumulated impairment</b>							
As at 1 July 2020	-	-	-	217	514	-	731
Charge/ Reversal for the year	-	-	-	(48)	-	-	(48)
Disposals	-	-	-	-	-	-	-
<b>As at 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>514</b>	<b>-</b>	<b>683</b>
As at 1 July 2021	-	-	-	169	514	-	683
Charge/ Reversal for the year	-	-	-	(18)	(86)	-	(104)
Disposals	-	-	-	151	428	-	579
<b>Net book value</b>							
As at 1 July 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
As at 30 June 2022	4,391	1,694,471	515,512	1,307,624	527,213	500,785	4,549,996



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**22(a) Property and equipment (Continued)**

- 22.1. Construction in progress represents directly attributable costs related to IT projects and construction of buildings at Head Office Cafeteria, Bulbula, Bale Robe and Ashewa Meda.
- 22.2. Upon impairment review, the net book values of property and equipment do not exceed their recoverable amounts. Furthermore, the bank disposed majority of impaired property and equipment during the period.
- 22.3. Property and equipment include ETB 4.391 freehold land with indefinite economic life that is not depreciated.
- 22.4. The total book value of property and equipment includes ETB 11.162 million at the Bank's branches in the Tigray Region, the existence of which could not be confirmed due to the Region's current conflict.

	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>23 Deposits from customers</b>		
Demand deposits	47,435,701	31,234,917
Savings deposits	81,653,675	57,417,730
Time deposits	7,513,126	6,118,021
Amana Deposit-Demand Private Sector	2,334,487	1,639,220
Wadi'ah-Saving Private Sector	8,957,160	5,834,894
Wadi'ah -Labbaik Account	81,716	7,062
Wadi'ah -Student Solution	27,587	9,103
Equity Investment A/C Holders	25,161	20,003
	<b>148,028,613</b>	<b>102,280,950</b>
<b>Maturity analysis</b>		
Current	106,177,343	60,429,680
Non-Current	41,851,270	41,851,270
	<b>148,028,613</b>	<b>102,280,950</b>
<b>24 Borrowings</b>		
	30 June 2022	30 June 2021
	ETB'000	ETB'000
Short term borrowings	107,580	208,803
	<b>107,580</b>	<b>208,803</b>

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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



25 Other liabilities	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>Financial liabilities</b>		
Deferred income	105,551	177,360
Letter of credit margin payables	3,978,189	5,793,250
Blocked accounts	14,429	15,575
Cheques issued	535,517	305,471
Exchange commission payable	245,169	180,257
Accounts payable	4,555,077	921,508
Loss Allowances on LC and Guarantee commitments	99	747
<b>Gross amount</b>	<b>9,434,031</b>	<b>7,394,168</b>
<b>25 Other liabilities (Continued)</b>		
	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>Non-financial liabilities</b>		
Accruals	459,232	336,924
Directors' Allowance	1,713	1,740
Accrued Audit fee	2,168	798
Accrued liabilities-Bonus	956,241	381,000
provision for doubtful debt- litigation Cases	3,763	1,318
Provision for doubtful debt and assets damage- North Ethiopia conflict	201,758	201,758
Other payables	37,936	8,136
Tax payable	160,841	121,269
<b>Gross amount</b>	<b>1,823,652</b>	<b>1,052,943</b>
	<b>11,257,683</b>	<b>8,447,111</b>
<b>Maturity analysis</b>		
Current	7,279,494	2,653,861
Non-Current	3,978,189	5,793,250
	<b>11,257,683</b>	<b>8,447,111</b>

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. Thus, the Bank has made a total provision of ETB 201.758 million. Hence, the management believed that the Bank provided sufficient amount of provision.

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



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**26 Severance and Retirement benefit obligations**

	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>Defined benefits liabilities:</b>		
- Gratuity (note 26a)	326,674	119,963
<b>Liability in the statement of financial position</b>	<b>326,674</b>	<b>119,963</b>
<b>Income statement charge included in personnel expenses:</b>		
- Gratuity (note 26a)	203,429	94,345
<b>Total defined benefit expenses</b>	<b>203,429</b>	<b>94,345</b>
<b>Remeasurements for:</b>		
- Gratuity (note 26a)	5,356	4,435
	<b>5,356</b>	<b>4,435</b>

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.

**Maturity analysis**

	30 June 2022	30 June 2021
	ETB'000	ETB'000
Current	203,429	94,345
Non-Current	123,245	25,618
	<b>326,674</b>	<b>119,963</b>

**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 2022**  
**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 2022	30 June 2021
	ETB'000	ETB'000
<b>A Liability recognised in the financial position</b>	<b>326,674</b>	<b>119,963</b>





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**26 Severance and Retirement benefit obligations (Continued)**

	30 June 2022	30 June 2021
	ETB'000	ETB'000
<b>B Amount recognised in the profit or loss</b>		
Current service cost	3,075	1,946
Past Service cost	182,226	88,991
Interest cost	18,128	3,408
	<b>203,429</b>	<b>94,345</b>
<b>C Amount recognised in other comprehensive income:</b>		
Actuarial (Gains)/Losses on demographic assumptions	-	-
Actuarial (Gains)/Losses on economic assumptions	(28,233)	1,177
Actuarial (Gains)/Losses on experience	35,884	5,159
	<b>7,651</b>	<b>6,336</b>
Deferred tax (liability)/asset on remeasurement gain or loss	(2,295)	(1,901)
	<b>5,356</b>	<b>4,435</b>

**D Changes in the present value of the defined benefit obligation**

	30 June 2022	30 June 2021
	ETB'000	ETB'000
The movement in the defined benefit obligation over the years is as follows:		
At the beginning of the year	119,963	21,371
Current service cost	3,075	1,946
Past Service cost	182,226	88,991
Interest cost	18,128	3,408
Retirement benefit paid	(4,369)	(2,089)
Remeasurement (gains)/ losses	7,651	6,336
At the end of the year	<b>326,674</b>	<b>119,963</b>

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2022	30 June 2021
Discount rate (p.a)	24.10%	15.80%
Long term salary increases (p.a)	19.30%	10.00%
Average Rate of Inflation (p.a)	17.30%	12.00%



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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:

<u>Age</u>	<u>Mortality rate</u>	
	<u>Males</u>	<u>Females</u>
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:

	<b>Impact on defined benefit obligation</b>				
	<b>Change in assumption</b>	<b>30 June 2022</b>		<b>30 June 2021</b>	
		<b>Impact of an increase</b>	<b>Impact of a decrease</b>	<b>Impact of an increase</b>	<b>Impact of a decrease</b>
	ETB'000	ETB'000	ETB'000	ETB'000	
Discount rate	1.0%	304,876	350,228	105,615	136,441



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



**(1) Severance and Retirement benefit obligations (Continued)**

	Impact on defined benefit obligation				
	Change in assumption	30 June 2022		30 June 2021	
		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%	351,002	303,850	136,754	105,134

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 2021: five years).

**27 Share capital**

	30 June 2022	30 June 2021
<b>Authorised:</b>		
Ordinary shares of ETB 1,000 each	12,000,000	12,000,000
<b>Issued and fully paid:</b>		
Ordinary shares of ETB 1000 each	10,291,407	8,188,948
<b>Issued but not fully paid:</b>		
Ordinary shares of ETB 1000 each	1,698,320	3,786,982
<b>Share Reconciliation</b>		
Number of shares outstanding at the beginning of the period	8,188,948	5,848,271
Number of shares Purchased by Cash	262,300	691,636
Number of shares Purchased by Dividend	1,840,159	1,649,041
Number of shares outstanding as at the end of the period	10,291,407	8,188,948

**28 Share Premium**

	30 June 2022	30 June 2021
	ETB'000	ETB'000
At the beginning of the year	1,389	1,389
Addition during the year	-	-
	1,389	1,389



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022	30 June 2021
	ETB'000	ETB'000
Profit attributable to shareholders	5,341,231	3,395,750
Weighted average number of ordinary shares in issue	9,366,313	7,219,267
Basic & diluted earnings per share (ETB)	<b>570</b>	<b>470</b>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2021:nil), hence the basic and diluted earnings per share have the same value.

**30 Retained earnings**

	30 June 2022	30 June 2021
	ETB'000	ETB'000
At the beginning of the year	3,547,495	2,943,340
Prior period Lease Adjustment	-	(10,488)
Tax on Retained Earnings	(9,853)	(8,984)
Tax on interest income on foreign deposit	-	(536)
Profit/ (Loss) for the year	5,341,231	3,395,750
Transfer to Legal reserve	(1,335,308)	(848,937)
Transfer from/to Risk Regulatory Reserve	(103,994)	(48,837)
Directors' allowance	(1,670)	(1,706)
Dividend declared	(2,371,054)	(1,872,107)
At the end of the year	<b>5,066,847</b>	<b>3,547,495</b>

**31 Legal reserve**

	30 June 2022	30 June 2021
	ETB'000	ETB'000
At the beginning of the year	3,742,975	2,894,038
Transfer from profit or loss	1,335,308	848,937
At the end of the year	<b>5,078,283</b>	<b>3,742,975</b>

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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements**



32 Risk regulatory reserve	30 June 2022	30 June 2021
	ETB'000	ETB'000
At the beginning of the year	258,709	209,872
Transfer to/from Retained Earnings	103,994	48,837
At the end of the year	<b>362,703</b>	<b>258,709</b>

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.





**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements**



33 Other reserves		30 June 2022	30 June 2021
		ETB'000	ETB'000
At the beginning of the year		89,886	59,429
Fair value reserve		65,987	34,892
Re-measurement gains on defined benefit plans (net of tax)		(5,356)	(4,435)
At the end of the year		<b>150,517</b>	<b>89,886</b>
34 Cash generated from operating activities		30 June 2022	30 June 2021
	Notes	ETB'000	ETB'000
<b>Profit before tax</b>		<b>7,453,151</b>	<b>4,823,110</b>
<b>Adjustments for non-cash items:</b>			
Foreign exchange gains/losses	8	(1,007,557)	(755,638)
Depreciation of property, plant and equipment	22	334,501	244,016
Amortisation of intangible assets	21	34,944	16,623
Amortisation of Right of Use Assets	20	400,961	289,088
Investment in associate	18	(8,051)	110
Gain/Loss on disposal of property, plant and equipment		(332,829)	(82,137)
Adjustments on property, plant and equipment reclassification	22	(45)	(2,371)
Adjustments on changes in lease amortization	20	-	40,202
Impairment on loans and advances to customers	16	855,392	512,237
Loans and advances - Bad Debts Write Off	16	(12,054)	-
Impairment on other assets	10	5,344	4,015
Impairment charge / (reversal) on bills and bonds	11	(302)	1,081
Impairment charge / (reversal) on off balance sheet items	13	(649)	650
Interest expense on Lease Liability	20	36,613	26,801
Interest expense on Lease Liability	26	203,429	94,345
<b>Changes in working capital:</b>			
-Decrease/ (Increase) in loans and advances	16	(41,704,899)	(30,265,007)
-Decrease/ (Increase) in restricted deposits	0	(6,700,000)	(1,700,000)
-Decrease/ (Increase) in other assets	19	(1,511,594)	(1,240,851)
-Increase/ (Decrease) in Borrowings		(101,223)	208,803
-Increase/ (Decrease) in other liabilities	25	2,766,738	3,095,084
-Increase/ (Decrease) in customer's deposit		45,747,663	31,703,046
		<b>6,459,533</b>	<b>7,013,207</b>



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**Notes to the Financial Statements (Continued)**



### 35 Related party transactions

Awash International Bank Share Company is owned by over 5,981 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 2022	30 June 2021
		ETB'000	ETB'000
Income received from PSS	Associate	1,238	1,335
Payment made to PSS	Associate	(49,344)	(20,919)
Net Transaction		(48,106)	(19,584)
	<u>Relationship</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
		<u>ETB'000</u>	<u>ETB'000</u>
	<u>management</u>		
	<u>personnel</u>		
Loans and advances	Board of Directors	1,649,510	894,600
	Executive Management	18,390	11,980
		<u>1,667,900</u>	<u>906,580</u>

### 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 2022.

	30 June 2022	30 June 2021
	ETB'000	ETB'000
Salaries and short term benefits	31,173	23,030
Post-employment benefits	5,228	3,643
Board allowances	2,570	2,183
Share and benefit in kind	113,342	112,901
Other long term benefits	43,322	27,197
	<u>195,635</u>	<u>168,954</u>

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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022 is ETB 1.556 million and ETB 35.067 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 2022	30 June 2021
	ETB'000	ETB'000
Guarantees	7,945,838	3,238,875
Letters of credit	3,843,965	7,060,194
	<b>11,789,803</b>	<b>10,299,069</b>
<b>37 Commitments</b>		
Loan commitments	10,355,972	5,129,288
Other commitments	552,061	1,586,895
	<b>10,908,033</b>	<b>6,716,183</b>

The Bank has commitments, not provided for in these financial statements for the year 30 June 2022 is ETB 11.790 billion (30 June 2021: ETB 10.300 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.



**AWASH INTERNATIONAL BANK S.C.**  
**Financial Statements**  
**For the year ended 30 June 2022**  
**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 2022	30 June 2021
	ETB'000	ETB'000
No later than 1 year	73,096	143,229
Later than 1 year and no later than 5 years	426,583	128,343
Later than 5 Years	73,700	600
<b>Total</b>	<b>573,379</b>	<b>272,172</b>

**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 2022	30 June 2021
	ETB'000	ETB'000
No later than 1 year	29,925	31,569
Later than 1 year and no later than 5 years	21,992	110
Later than 5 Years	-	-
<b>Total</b>	<b>51,917</b>	<b>31,679</b>

**38 Events after reporting period**

There were no significant post balance sheet events which could have a material effect on the state of affairs of the Bank as at 30 June 2022 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.



# Financial Highlight, Number of Branches and Employees

(In millions of Birr unless stated otherwise)

Particulars	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Deposits*	13,105	16,118	19,506	24,236	32,893	45,906	62,464	70,578	108,074	152,007
Loans & Advances**	7,710	9,176	12,482	15,451	22,646	31,304	47,262	57,274	87,539	129,244
NBE Bills***	3,146	4,067	5,365	5,306	8,355	6,993	11,221	9,915	9,916	889
Total Assets	17,784	22,106	25,140	31,148	40,027	55,268	74,635	89,288	128,695	183,391
Capital & Reserves (Total Equity)	2,066	2,597	3,185	3,934	5,424	6,496	9,640	11,968	15,852	20,951
Profit Before Tax	583	829	861	986	1,350	1,964	3,344	3,600	4,823	7,453
Profit After Tax	439	619	669	744	1,003	1,492	2,432	2,591	3,396	5,341
Earnings per share (Birr)	456	475	445	371	390	543	632	510	470	570
No. of Branches (in no.)	115	150	202	240	316	366	410	466	566	725
No. of Employees (in no.)	4,011	4,787	5,847	6003	6,772	7,872	9,046	10,130	12,188	17,393

\*Including Margins Held on L/C

\*\*Including Provisions for Doubtful Loans & Advances

\*\*\* The Figure for FY 2021/22 is DBE Bill



## ATMs and their Locations as at June 30, 2022

### 1. Addis Ababa

ATM Location	Type	ATM Location	Type	ATM Location	Type
Head office 1	TTW	Beshale Figa	TTW	Ethiopia Hotel	Lobby (Legehar)
Head office 2	TTW	Betel Branch	TTW	Ferensay legasion	TTW
18 MAZORIA	Lobby	Beteseb Memria	Lobby	Filwuha	Lobby (Fitber)
22 Mazoria Branch	TTW	Bethlehem Plaza	Lobby(Meg adebabay)	Finfine 2	TTW
5Killo	Lobby	BGI	Lobby	Finfine ATM 1	TTW
6Kilo Branch	Lobby	Bole 17	TTW	Fitber Branch	TTW
Abuare	Lobby	Bole 18	TTW	Flamingo	TTW
Addisketema Branch	TTW	Bole 22	TTW	Garagura	TTW
Addisu gebeya Branch	TTW	Bole 24	TTW	Gast Solar	Lobby
Adey Abeba	TTW	Bole arabsa	TTW	Gegi giorgis	Lobby
Africa Andinet Branch	TTW	Bole Bulbula	TTW	Geja sefer Branch	TTW
Africa Avenue Branch	TTW	Bole Medhanialem	TTW	Gelan	TTW
Air port terminal 1	Lobby	Bole Micheal Branch	TTW	Genet Hotel Branch	Lobby
Airport Branch	TTW	bulbula 93	TTW	Gerji Branch	TTW
Airport terminal 2	Lobby	Bulgaria Mazoria Branch	TTW	Ghion Hotel	Lobby (Stadium)
Akaki Branch	TTW	Burka Guya	TTW	Global Akababi Branch	Lobby ( Branch)
Akaki Gebeya	TTW	Cameroon avenue Branch	Lobby (Branch)	Gofa Gebriel Branch	TTW
Akaki Gelan	TTW	Care ethiopia	Lobby	Gofa Mebrat	TTW
Akaki Kality	TTW	Catholic Releif Church	Lobby	Gofa sefer Branch	TTW
Alembnak	TTW	Century Mall	Lobby	Gojam Ber	TTW
Alert	Lobby	Churchil Road Branch	TTW	Goro Beshale	TTW
Amanuel Total	TTW	CMC Branch	TTW	Gotera Branch	TTW
Anfo	TTW	Concord	Lobby (Temenja yaz)	Gulele Paulos	TTW
Arada Giorgis Branch	TTW	D'Afrique	TTW	Gullele Finance	TTW
Aratkilo Branch	TTW	Denbi Dolo	TTW	Gullele	TTW
Asco Branch	TTW	Dessie Ber Branch	TTW	Gurd Shola Branch	TTW
Asko addis sefer	TTW	Dhgeda	Lobby	Gurd SholaJackros	TTW
AU	Lobby (Africa Union)	Dilgebeya Branch	TTW	Habtegiorgis Branch	TTW
Ayat Adebabay	TTW	Dubai Tera	TTW	Halelujah	Lobby
Ayat Arabsa	TTW	East africa botling	lobby	Halelujah	lobby
Ayat Tafo	TTW	ECA	TTW	Hanna Mariam	TTW
Ayertena	TTW	Edget Branch	TTW	Harbo Gudo	TTW
Balcha aba nefso	TTW	Eliana Bldg Ecas Trading	Lobby (Mahal Arada)	Harmony Hotel	Lobby( Bole Medhanialem)
Balcha ATM2	LOBBY	Enderassie Branch	TTW	Haya 49	TTW
Balderas	TTW	Ertu Lebu	TTW	IFB-Muamalat	TTW
Bambis	Lobby			Imperial	TTW
Beklobet Branch	TTW			Jacros Figa	TTW
				Jakros	TTW
				Jemmo Michael	TTW
				Kality Gumruk	Lobby
				Kalty Gebriel	TTW
				Kangew Shaleka	TTW
				Kar Allo	TTW

## ATMs and their Locations as at June 30, 2022

### 1. Addis Ababa

ATM Location	Type	ATM Location	Type	ATM Location	Type
Kara Kore Branch	TTW	Sanford	TTW	Wuhalimat Branch	TTW
Kara Road Branch	TTW	sansussi	TTW	Yared	TTW
Karl Square	TTW	Sarbet Branch	TTW	Yeka	TTW
Kazanchis Branch	TTW	Saris Addisu sefer Branch	TTW	Yeka Abado	lobby
Kebena Branch	TTW	Saris Branch	TTW	Yeka Abado Mesqeligna	TTW
Kechene Chilot	TTW	Sebategna Branch	TTW	Yerer Ber	TTW
Kelela Building	Lobby	Shala Akababi Branch	TTW	Yeshi Debele	TTW
Keranio branch	TTW	Shashemene Branch	TTW	Yod Abbysinia	Lobby(Airport)
Kilinto	TTW	Sheger Branch	TTW	Yoseph	TTW
Kirkos 45	TTW	Shegole	TTW	Zefmesh Mall	Lobby (Megenagna Adebabay)
Kirkos Branch	TTW	Shiromeda Branch	Lobby	Zenebe Work	TTW
Kirkos Riche	TTW	Sholla Meskelegna	Lobby		
Kokeb	TTW	Sidamo Tera Branch	TTW		
Kolfe Atena Tera	TTW	Sidist kilo University Branch	Lobby		
kolfe kuteba	Lobby (kazanchis)	Signal Branch	TTW		
Kolfe Lukanda	TTW	Snap Shopping Center	Lobby		
Korea Hospital	Lobby	St. Mary	Lobby		
Kotebe 02	Lobby	Stadium Branch	TTW		
Kotebe ATM1 Branch	TTW	stadium Zuriya	TTW		
Kotebe ATM2	TTW	Summit	TTW		
Kuas Meda Branch	TTW	Summit 72	TTW		
Lafto Branch	TTW	T/Yaj Branch	TTW		
Lamberet	TTW	Teklehaimanot Branch	TTW		
Lebu Branch	TTW	Teklehaymanot Hospital	Lobby		
Legehar Branch	TTW	Torhayloch	TTW		
Lideta Branch	TTW	Traffic Tsefetbet Branch	TTW		
Mafi Mall	Lobby (Bole Medhanialem)	Tropical Mall(Former kenenisa)	Lobby		
Megenagna 22	TTW	Tsega Mall	Lobby		
Megenagna ATM2	TTW	Tulu Boke	TTW		
Megenagna Branch	TTW	Tulu Ejersa	TTW		
Mehal Arada Branch	TTW	Tuludimtu	TTW		
Mehal Gebeya Branch	TTW	Urael Branch	TTW		
Mehal Gofa Branch	TTW	urael Nigest sefer	TTW		
Mekanisa Qore	TTW	Wabishebele Hotel	Lobby (Mexico)		
Mekanissa	TTW	Wellosefer	TTW		
Mekanissa Abo	TTW	Worku Sefer	TTW		
Melka Gefersa	TTW	Wosen sefer	TTW		
Merkato	TTW	Wuhalimat 22	TTW		
Mesalemia	TTW				
Meskel Flower Branch	TTW				
Metahara	TTW				
Mexico Branch	TTW				
Micheal Adebabay	TTW				
Mikilliland	TTW				
MILLENIUM	TTW				
Moenco	TTW				
Nifas silk Branch	TTW				
Olympia Branch	TTW				
Piazza Branch	TTW				
Qechene	TTW				
Ramada Hotel	Lobby				
Ruwanda Embassy	TTW				
Sabon Building	Lobby				
Salogora	TTW				

## ATMs and their Locations as at June 30, 2022

### 2. Outlying Areas

ATM Location	Type	ATM Location	Type	ATM Location	Type
Aba Sena	TTW	Bako	TTW	Derartu Adebabay	TTW
Abajifar	TTW	Bale Robe	TTW	Dessie Branch	TTW
Abay Mado	TTW	Bambasi	TTW	Dilla	TTW
Abebe zelege hotel	Lobby	Bati	TTW	Dire Dawa Branch	TTW
Bbosto	TTW	bedelle	TTW	Dodola	TTW
AdaaBranch	TTW	Bedessa	TTW	Dolomena	TTW
Adaba	TTW	Begi	TTW	Dukem	TTW
Adama ATM2	TTW	Bekoji	TTW	Ejaji	TTW
Adama Branch	TTW	Berecha	TTW	Enjibara	TTW
Adama Ras	TTW	Bichena	TTW	Eteya	TTW
Adea ATM2	TTW	Bishoftu	TTW	Fiche	TTW
Adola	TTW	Blenda Hotel	Lobby	Finchwha	TTW
Agaro	TTW	Boditi	TTW	Finote Selam	TTW
Agaro Gomma	TTW	Boke	TTW	Furi	TTW
Alaba kulito	TTW	Bonga	TTW	Gambella	TTW
Alamura	TTW	Bosset Branch	TTW	Gambella New land	TTW
Alelltu	TTW	Bote	TTW	Ganda Gara	TTW
Alemgena	Lobby	Bule Hora	Lobby	Gebre Guracha	TTW
Aleta Wondo	TTW	Burayu Keta	TTW	Gedo	TTW
Ambo	TTW	Burayu Mariam	TTW	Gefersa Giji	TTW
Anger Gute	TTW	Bure Damot	TTW	Gefersa Nono	TTW
Arba Minch	TTW	Burkaweyu	TTW	Gelemso	TTW
Arbaminch P.Lodge	Lobby (Arbaminch)	burqa Jato	TTW	Gida Ayana	TTW
Areka	TTW	Butajira	TTW	Gidami	TTW
Arerti	TTW	Chagni	TTW	Gimbi Branch	TTW
Arsi Negele	TTW	Chancho	TTW	Ginchi	TTW
Arsi Robe	TTW	Chefe Donsa	TTW	Ginir	TTW
Assassa	TTW	chelenqo	TTW	Giregne	TTW
Assela Branch	TTW	Chilalo	TTW	Goba	TTW
Assela university	Lobby	Chiro	TTW	Gobessa	TTW
Assosa	TTW	Chora	TTW	Gomma	TTW
Awash 7 kilo	TTW	D/ Birhan	TTW	Gonbora	TTW
Awasho	TTW	D/ Tabor	TTW	Gonder Azezo	TTW
Aweday	TTW	Dalle Dembel	TTW	Gonder Branch	TTW
Ayra	TTW	Dambi Bishoftu	TTW	Gonder Fasiledes	TTW
BahirDar (Ghion)	TTW	Dangela	TTW	Grawa	TTW
Babile	TTW	Debre Markos	TTW	Gudatu Arjo	TTW
Bahirdar Branch	TTW	Dedere	TTW	Guder	TTW
Bahrdar ATM2	Lobby (Bahr Dar)	Dembela Branch	TTW	Gudru	TTW
		Dera	TTW	Guliso	TTW
		Dera Gundo meskel	TTW	Hafetesa (D/Dawa)	TTW
				Haile Resort	Lobby
				Harar Branch	TTW

## Awash Bank Branch Address by Regional Office

### 1. South Addis Ababa Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	Africa Andinet	0113-71-61-02/72-03-36/72-26-11/ 71-65-93	0113-71-65-94	
2	Africa Avenue	0115-57-05-33/34/35	0115-57-05-36	
3	Alemgena	011-367-90-95/64/91-22/09	0112-36-56-69	
4	Ameya	011-315-01-47/05-59		
5	Bambis	011-557-69-76/73	011-557-69-71	
6	Beklobet	0114-66-85-75/23-54	0114-16-68-78	
7	Bisrate Gebriel	011-320-99-18/21-87		New
8	Bu'i	046-883-07-22/11	058-225-05-32	
9	Bulgaria Mazoriya	0115-54-00-14/02-92	0115-54-03-11	
10	Burka Guya	011-385-44-28/26		
11	Burka Wayu	011-471-10-21/18-61		
12	Busa	011-312-06-70/07-43		
13	Butajira	046-115-10-28/07-05	0255-51-10-22	
14	Dil Gebeya	0113-72-08-20/17/18/19	0113-72-08-39	
15	ECA	011-558-92-97/86-37	011-558-64-78	
16	Enderase	0115-57-62-70/71	0115-57-62-73	
17	Eresha	046-145-96-87/16-37		New
18	Erinzaf	046-145-22-29/65-91		New
19	Ertu Lebu	011-471-35-30	011-471-38-65	
20	Finfine	011-557-02-00/01-12/01-07/557-07-87/557-11-23/557-10-03/	0115-57 01 13	
21	Fitber	0115-57-21-82/49	0115-57-22-15	
22	Flamingo	011-526-02-21/ 011-526-04-16		
23	Furi	011-367-90-87/77/32 011-367-91-08	0577-71-10-22	
24	Furi Adebabay	011-380-22-30/20-99	057-773-06-76	New
25	Genet Hotel	0115-54-02-56/43	0115-54-00-33	

## Awash Bank Branch Address by Regional Office

26	Global Akababi	011-470-24-12/23-68	011-470-13-68	
27	Gofa Mebrat Hayil	011-470-33-92/78/59/69	011-470-33-93	
28	Gofa Sefer	0114-65-36-91/466-98-11/36-15/466-37-24/0114-67-31-67	0114-16-03-57	
29	Goffa Gebriel	0114-67-45-65/63/67	0114-67-45-61	
30	Gotera	0114-67-03-92/0118-96-39-15/		
31	Hana Mariam	0114-71-12-97	0114-71-14-53	
32	Hayu	011-558-18-85/558-30-80		
33	Hurbu	011-471-33-27/39-24	0114-71-36-43	
34	Jemo Hulet	011-883-80-70		
35	Jemo Michael	011-369-96-02/99-57	011-369-84-07	
36	Karl Adebabay	0113-848154 / 0113-848004		
37	Kazanchis	0115-57-07-56/57/22	0115-57-06-83	
38	Kela	046-322-99-55/86-36		New
39	Kirkos	0115-54-75-83/81/85/0118-59-22-49/0911-81-05-82	0115-54-75-82	
40	Kirkos -45	011-470-56-06	011-470-58-39	
41	Kirkos Riche	011-470-06-45/21-33		
42	Kute	011-369-30-46/45-65		
43	Lafto	0114-19-07-63/10-86/0114-19-64-89/ 05-79	0114-19-64-88	
44	Lafto Gebeya	011-471-19-84/15-05		
45	Lebu	0114-71-25-04/38 0118-59-20-61/62	0114-71-25-44	
46	Legehar	011-532-00-01/54-77-65/	0115-51-08-67	
47	Legehar Gumruk	011-558-34-87	011-667-37-18	New
48	Leman	011-363-03-59/60	022-226-13-17	
49	Liben	0113-41-34-74	058-555-55-09	
50	Mehal Gofa	0114-67-12-39/97/67-15-74/91	0114-67-12-81	
51	Mekanisa	011-369-83-48/86-03	011-369-83-25	
52	Mekanisa Abo	0113-69-03-14/27/28	0113-69-03-29	
53	Mekanisa Seminary	011-385-41-28/44-26		New
54	Meskel Flower	0114-66-93-93/67-15-27	0114-66-95-01	
55	Mexico	0115-57-21-79/22-61/22-10	0115-57-22-59	
56	Mogole	011-833-20-58		New
57	Nifas Silk	0114-42-03-09/08/43-85	0114-42-09-58	
58	Olompiya	011557-11-90/12-40	0115-57-11-88	



## Awash Bank Branch Address by Regional Office

59	Sadeka	011-471-10-53/11-97		New
60	Saden Sodo	011-325-07-89/05-56		New
61	Sarbet	0113-72-73-91/72-78-06/72-77-95	0113-72-78-72	
62	Saris	0114-43-12-72/12-37	0114-43-13-58	
63	Saris 58	011-471-19-69/53		
64	Saris Addis Sefer	0114-40-01-53/0114-42-56-72	0114-40-06-85	
65	Sebeta	0113-38-41-01/15	047-556-25-06	
66	Silk Amba			New
67	Stadium	0115-15-67-46/51-15/50-45-22/53-46-43/94-54/ 0118-59-22-51	0115-50-29-20	
68	Stadium Zuria	011-531-91-02	011-531-91-01	
69	Teji	011-339-06-50		
70	Temenja Yaj	0114-16-27-20/16/	0114-16-27-05	
71	Tulu Bolo	011-342-14-01/02		
72	Tulu Ejersa	011-471-17-35/13-18	011-471-15-97	
73	Tulu Jemmo	011-369-8052		
74	Urael	0115-54-08-30/31/32/33/0118-96-40-01	0115-54-08-36	
75	Urael Nigist Sefer	011-554-18-45/86-64	011554-30-49	
76	Vatican	0113-873-38-55/0113383-35-51		New
77	Wechecha	011-380-40-47/48		
78	Welete	011-380-01-57/00-47		
79	Weliso	0113-41-34-73/74		
80	Wirtu	011-813-39-81		
81	Wolkite	011-365-81-69/83-84		
82	Yoseph	011-470-88-82/06-22	011-470-90-56	

## 2. West Addis Ababa Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	18 Mazoria	0112-79-14-44/011-273-89-60/56/0118-69-79-74	0112-79-13-64	
2	Abdi Nono	011-260-13-32/15-40		New
3	Adea Berga	011-286-05-63/82	034-445-03-48	New

## Awash Bank Branch Address by Regional Office

4	Adis Ketema	0112-75-83-58/57/77-24-81/82 011-894-95-40	0112-77-24-83	
5	Alem Bank	011-369-45-04/59/65/63	0113-69-45-42	
6	Amanuel Total	011-273-60-09/46/39/73 011-833-40-50	011-273-60-32	
7	Ambo	0112-36-41-74/33-77/67-90/0112-36-61-90	057-634-03-28	
8	Anfo	011-369-76-28/72-17		
9	Asco	0112-73-02-91/93/94	0112-73-02-95	
10	Asco Addis Sefer	011-273-16-31/30		
11	Awtobis Tera	011-273-44-17/26/19/15	011-273-44-10	
12	Ayer Tena	011-369-39-41		
13	Betel	0113-49-12-68/49-13-04/49-08-55	0113-49-11-35	
14	Betel Adebabay	011-369-78-65/74-23		New
15	Burayou Keta	011-260-46-20/41/54		
16	Burayou Mariam	011-260-49-81/31		
17	Coca Mazoria	011-273-68-76/66-97		New
18	D'Afrique	011-557-70-14/67	011-557-70-28	
19	Dejazmach Balcha Safo	011-530-31-11/10		
20	Dire Enchini	011-287-05-89//99		
21	Dire Sololia	011-262-34-26/0112-62-34-51		New
22	Dubai Tera	011-273-22-81/90	011-273-22-82	
23	Ejere	011-261-03-98/05-99		
24	Gefersa Guje	011-260-18-52/16-79	034-440-69-97	
25	Gefersa Nono	011-260-11-17/32/02	025-776-16-95	
26	Geja Sefer	0115-57-62-37/44/13	011-557-62-32	
27	Gesho Tera	011-273-27-52/43/42/273-26-84	011-273-27-32	
28	Ginchi	011-258-11-72/11-74	057-778-02-86	
29	Gojam Berenda	011-273-38-34	0112-73-35-93	
30	Gola Michael	011-126-34-98/22-01		
31	Goro Kerensa	011-261-02-37/03-53		New
32	Guder	011-282-07-96/08-14	025-661-04-31	
33	Guje	011-260-14-56/15-62	046-212-48-11	New

## Awash Bank Branch Address by Regional Office

34	Gulele	0112-78-49-26/31//29/30/ 0118-59-22-53/ 0112-78-49-26	0112-78-49-27	
35	Gulele Pawlos	011-273-79-36/35		
36	Hachalu Hundessa	011-2-60-96-94/45		
37	Holeta	011-261-00-04/31/09		
38	Jeldu	011-238-05-97/06-05	033-334-13-36	
39	Jemo	0113-48-40-07/60-70	0113-48-62-70	
40	Kachisi	011-215-05-30	011-637-50-81	
41	Kara Girar Sefer	011-369-56-47/48		
42	Karakore	0113-69-30-69/46/15/59/09	0113-69-30-67	
43	Keraniyo	011-384-10-49/48		
44	Ketena Hulet	011-383-50-71/72	011-383-50-73	
45	Kolfe	0112-75-72-35/36/0112-75-17-67		
46	Kolfe Atena Tera	011-273-97-22/91-19		
47	Kolfe Kuteba	011-273-90-63/96-74		
48	Kolfe Lekuanda Tera	011-273-94-94/94-92	0112-76-03-49	
49	Kuas Meda	0112-76-03-43/45/01-17/03-66		
50	Lideta	0115-54-65-72/73/70/0118-95-99-58	0115-54-65-71	
51	Lideta Menafesha	011-557-92-35/89-99		New
52	Lomi Meda	011-273-80-14/99-78		New
53	Mehal Gebeya	0112-77-94-72/13-54-42	0112-77-93-07	
54	Mekanisa Kore	0113-69-85-67/97-20		
55	Melka Gefersa	011-384-76-58/78-64		
56	Merkato	0112-75-87-33/77-16-66/76-33-31/77-21-71/011-276-48-02/13-95	0112-13-71-36	
57	Merkato Arategna Mazoriya	011-273-20-32/38-51		
58	Merkato Kagnew Shaleka	011-273-45-42/12	011-273-45-38	
59	Merkato Tana	011-273-35-98/28-17	011-273-29-94	
60	Mesalemia	011-275-84-37/276-97-80	011-278-81-95	
61	Micky Land	0112-73-03-98/41/57	011-273-04-26	
62	Mirab Merkato	011-273-42-98/42-85/ 0112-73-43-21/22	011-273-43-15	
63	Muger	011-218-06-62/03-71	0113-38-41-02	
64	Oddo Liban	011-260-99-25		

## Awash Bank Branch Address by Regional Office

65	Olankomi	0112-85-07-00/01		
66	Sansusi	011-373-19-40/18-06	011-373-12-21	
67	Sebategna	011-277-33-43/42 0112-13-03-58/0118-30-76-69/	0112-77-32-70	
68	Senga Tera	011-557-68-39/75/59/54/	011-557-68-80	
69	Shera Tera	011-273-59-02/54-97	011-273-57-12	
70	Sidamo Tera	0112-78-41-18/94-53/78-94-54/41-18	0112-78-41-17	
71	Tegbare-ed	011-558-67-23/95-07		
72	Tekle Haimanot	0112-78-93-76/77-27-30/31	0112-77-27-32	
73	TORHAYILOCH	011-369-13-11/369-12-93/13-18	011-369-12-08	
74	Torhayloch Adebabay	011-384-28-24/26-05		New
75	Tulu Boke	011-369-70-71/78-48		
76	Yeshi Debele Sefer	0113-69-23-92/24-50/07-21	0113-69-06-27	
77	Zenebework	011-369-71-77/78-49		

### 3. North Addis Ababa Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	5 Kilo	011-1154-14-57/58		
2	Abado Meskelegna	011-869-4044		
3	Abuare	011-557-69-01/557-68-36/08/68-83	011-557-69-10	
4	Addisu Gebeya	011-126-81-00/126-80-72	011-126-80-99	
5	Aleltu	011-631-05-78/07-10	046-224-06-30	
6	Alem Ketema	011-132-10-58/11-46		
7	Arada Giorgis	0111-55-61-66/59-38/62-08	0111-55-58-00	
8	Arat Kilo	0111-57-03-32/31/57-17-14/16	0111-57-03-35	
9	Balderas	011-636-81-41	011-636-81-42	
10	Chancho	011-188-09-05/06		
11	Churchil Road	0111-26-20-25/26-20-00/26-20-17	0111-26-20-18	
12	Dalle Dembel	011-667-95-39/91-94		
13	Debre Berhan	0116-37-50-61/94/71/51-01/011-890-90-57	011-115-06-74	
14	Debresina	011-680-07-24/10-37		New

## Awash Bank Branch Address by Regional Office

15	Degem	011-136-05-44/45		New
16	Dejach Wube	011-170-29-79/21-15		New
17	Dera Gundo Meskel	011-115-07-07/08-32		
18	Dessie-Ber	0116-67-80-22/44/56	011667-80-48	
19	Eyesus 41	011-154-15-40/13-39		New
20	Ferensay Legasion	011-154-80-82/84/90	011-154-80-81	
21	Fiche	011-135-20-22/77/69	011-471-37-64	
22	General Tadesse Biru	011-160-98-18/93-11		New
23	Gerba Guracha	011-131-0733/011-131-0689	0581-11-80-44	
24	Gojam Ber	011-126-83-45/55	011-126-83-51	
25	Gulele Finance	011-273-24-32/27/21	011-273-23-51	
26	Gurd Shola	011-866-80-54/55/0116-46-16-47/16-79/76-82	0116-46-12-31	
27	Habte Giorgis	0111-57-88-91/95-93/91/155-51-20	0111-57-45-46	
28	Hayat Tafo	0116-39-15-02/18-73		
29	Hidabu Abote	011-118-08-62/66	0344-40-45-79	
30	Kara Mazoria	011-668-03-50/51	011-668-05-49	
31	Kara Road	0116-67-02-60/01-89/01-79	0116-67-02-57	
32	Karra Alo	011-667-89-06/667-88-59/32	0116-67-88-94	
33	Kebena	0111-54-40-06/07/08/15/	0111-54-40-12	
34	Kechene	011-126-76-77/70-13	011-126-68-56	
35	Kechene Chilot Adebabay	011-126-34-90/91	011-126-34-92	
36	Kotebe	0116-47-54-00/45-62-75/46-28-12	0116-45-62-74	New
37	Kotebe 02	011-667-62-86/63-66		
38	Kotebe Loke			
39	Lamberet	011-667-54-31/64 011-667-53-97	011-667-54-27	
40	Legetafo	011-637-50-76/51-10 011-829-07-48/011-651-13-29		
41	Megenagna	0116-18-27-74/18-26-69	0116-18-27-72	
42	Megenagna Adebabay	0116-67-37-37/67-36-37	0116-67-37-99	
43	Mehal Arada	0111-11-92-26/15/34/15-58	0111-56-08-83	
44	Mehal Meda	0116-85-09-36	011-134-06-15	
45	Molale	011-271-1453		
46	Muka Turi	011-134-08-26/89		
47	Parlama	011-170-46-94/95		New



## Awash Bank Branch Address by Regional Office

48	Piassa	0111-11-94-54/24-76/16-74	0111-11-22-54	
49	Ras Desta	011-126-10-46/69-27	011-126-09-97	
50	Rufael	011-259-19-58/18-63/16-29/011-273-76-78	011-259-19-71	
51	Sanford	011-154-36-63/45-29	011-154-46-45	
52	Sebara Babur	011-126-74-19/011-127-42-03		New
53	Semen Mazegaja Branch	011-126-3740/011-126-3626		
54	Sendafa Beke	011-638-74-56/77-82	0258-82-02-17	
55	Sheger	0111-55-89-38/011-157-00-47	0111-57-00-34	
56	Shegole	0112-59-03-46/59-02-24/04-75	011-259-03-79	
57	Sheno	046-553-09-08/07-69		
58	Sherero	011-133-08-31/07-07	046-771-05-88	
59	Shiro Meda	011-154-35-13/51-52	011-154-31-99	
60	Shola Gebeya			New
61	Sholla Meskelegna	011-6-58-92-80/83-77		
62	Sidest Kilo	011-126-10-46/54		
63	Signal	0116-67-20-11/65/70/75	0116-67-20-17	
64	Sululta	011-161-71-34/38/46/41	0464-46-03-11	
65	Tebase	011-637-54-59/62-00		
66	Trafic Tsihfetbet	0116-61-64-54/18-91-64/18-82-90	0116-18-87-18	
67	Tulu Milki	011-142-03-85/05-20		New
68	Wara Jarso	011-187-07-10/04		
69	Wedessa	0115-32-12-04/05		
70	Weserbi	011-862-55-03		
71	Wosen Sefer	011-668-00-65/67		
72	Yared	011-126-14-03/15-53/01-88		
73	Yaya Gulele	011-116-08-82/05-31		New
74	Yeka	011-667-40-49/68 /011-859-22-48	011-667-35-20	
75	Yeka Abado	011-872-19-57		
76	Yeka Megenagna	011-668-71-79/70		

## Awash Bank Branch Address by Regional Office

### 4. East Addis Ababa Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	22 Mazoriya	011-662-46-68/67/18-99-38/63-50-31/	0116-62-65-87	
2	22-Wuhalimat	011-660-84-43/86-73/	011-660-09-31	
3	Adey Abeba	011-470-77-35/08/43/30/	011-470-77-42	
4	Airport	0116-18-06-11/75/18-01-71	0116-18-01-71	
5	Akaki	0114-34-07-23/435-16-72	0114-34-32-77	
6	Akaki Gebeya	011-471-54-31/51-59		
7	Akaki Gelan	011-471-65-03	0114-71-64-87	
8	Akaki Kality	0114-71-64-40/41	0114-71-64-26	
9	Atlas	011-639-31-08/33-09		
10	Beshale	011-673-38-77/41-23		New
11	Beshale Figa	011-667-79-77/77-50	011-667-78-85	
12	Bole	0116-18-95-22/24/26/23	0116-62-63-87	
13	Bole 17	011-859-22-55/011-660-66-32/25-51/011-660-90-02/65/53	011-660-06-82	
14	Bole 18	011-690-21-02/23-13		
15	Bole 22	011-662-80-15/662-16-86/663-09-40	011-618-39-96	
16	Bole 24	011-667-36-79	011-667-36-18	
17	Bole Abasena	011-668-71-31/64-40		
18	Bole Arabsa	011-813-20-63		
19	Bole Bulbula	011-471-43-21	011-471-45-94	
20	Bole Lemi Industry Park	011 -668- 90-19/91-29		New
21	Bole Medhanialem	0116-67-03-47/51	0116-67-02-37	
22	Bole Michael	0116-39-20-22/05/21/04	0116-39-20-23	
23	Bole Michael Ade.	011-639-29-52/28-43		
24	Bulbula	011-471-47-14/48-32		
25	Bulbula 93 Mazoria	011-466-23-54	011-416-68-78	
26	Burka Chefe	011-666-33-98/39-87		
27	Burka Shobe	011-639-13-78/77		
28	Cameroon Avenue	0116-66-24-29/25-28		
29	CMC	0116-67-51-88/0116-67-51-55	0116-67-51-04	
30	Dukem	0114-32-05-02/03-42/03-99	058-775-21-15	
31	Dukem Industry Zone	011-462-80-20/22		New
32	Edget	0116-29-25-26/21-08	0116-29-22-59	
33	Gara Gura	011-639-04-52/13-68		

## Awash Bank Branch Address by Regional Office

34	Gelan	011-471-34-70/		
35	Gelan Condominium	011-455-02-08/01-18		New
36	Gerji	0116-47-62-75/76	0116-47-62-74	
37	Gerji Giorgis	011639-40-00/10	0116-39-40-02	
38	Gerji Mebrat Haile	011-639-49-14/59-91		
39	Goro Beshale	011-666-09-31/668-34-82		
40	Gurd Sholla Jakros	011-639-54-93/648-92-44/665-87-75/659-01-41	011-661-74-00	
41	Harbu Gudo	011-668-31-68/32-25		
42	Hayat 49 Branch	011-639-13-67/21		
43	Hayat Adebabay	011-639-03-05/23	011-639-03-14	
44	Hayat Arabsa	011-816-01-10		
45	ICT Industry Park	011-667-95-96		New
46	Imperial Akababi	011-667-46-73/49-24	011-667-48-38	
47	Jackros	011-667-70-69	011-667-66-18	
48	Jacros Adebabay	011-673-43-21/22		
49	Jakros Figa	011-813-23-41		
50	Kality Gabriel	011-471-72-62/15/65/28	0114 71 72 63	
51	Kality Gumruk	0114-70 72 79/55/63/54/011-869-49-83	011-470 72 86	
52	Kilinto Branch	011-451-20-15/20-14		
53	Kilinto Industry Park	011-451-34-04/34-79		New
54	Kokeb	011-667-44-63	011-667-38-02	
55	Kore Guye			New
56	Korea Hospital	0116-29-38-36/35-43	0116-29-31-50	
57	Koyefeche	011-855-36-49		New
58	Lemlem Meda	011-673-25-64/20-79		New
59	Megenagna 22	011-667-33-82/31-56	011-667-33-63	
60	Mehal Gerji	011-639-56-57/58-38		New
61	Mehal Summit	011-660-80-40/80-08		New
62	Melka Sheno	011-471-56-46/68-90	011-471-54-16	
63	Meri-Summit	011-668-27-36/667-97-57		
64	Millennium	011-661-00-87/68-38/56-95	011-661-55-50	
65	Moenco	011-667-44-48/20	0116-67-44-69	

## Awash Bank Branch Address by Regional Office

66	Oda Nabe	011-471-82-93	046-339-08-74	
67	Rwanda Embassy Akababi	011-614-66-78/14-67-58	011-614-66-40	
68	Salogora	011-471-62-23/011-471-61-87 011-869-64-64	011-471-61-97	
69	Shalla	0116-67-38-20/21/22	0116-67-37-18	
70	Summit	011-668-09-71/01-04	011-668-01-48	
71	Summit 72	011-639-11-51/52		
72	Summit Goro	011-672-66-42/65-33		New
73	Summit Safari	011-668-87-94/88-38		New
74	Tulu Dimtu	011-462-70-11/12		
75	Weji	011 -672- 68- 98/35		
76	Wollo Sefer Adebabay	011-557-83-73/99-34		New
77	Wolo Sefer	011-557-58-55/40-20	011-557-43-24	
78	Worku Sefer	011-471-74-98/79-49/76-31	011-471-76-31	
79	World Bank	0115-15-30-87	0115-15-06-01	
80	Wuha Limat	0116-18-12-00/18-90-21	011-618-78-29	
81	Yerer	011-667-72-04/56	011-667-72-47	
82	Yerer Leka	011-6733824/27-94		New
83	Yerer Sefera	011-666-16-98/34-28		New
84	Head Office	0116-18-35-72/61-18-24/25/662-03-03 663-35-30/0116-62-09-85 (Operator) 011-618-01-25	011-663-75-38/011-662 03 02	

### 5. North Region

S.N	Branch Name	Telephone Address	Fax	Remark
<b>North Region</b>				
1	Adigrat	034-445-03-30/04-69/00-16 /04-28/45-69		
2	Adihaki	034-240-20-34/18-62	046-335-02-20	
3	Alamata	034-774-07-35/82		

## Awash Bank Branch Address by Regional Office

4	Axum	034-275-94-90/71-61	0582-22-11-47	
5	Edaga Hamus	034-773-06-52/07-39/95		
6	Edaga Mekele	034-240-53-13/35/04	047-151-03-52	
7	Elala	0342-40-26-63/90-64		
8	Godana Selam	034-440-69-96/70-44	046-556-01-09	
9	Humera	0344-48-14-72/73		
10	Jibruk	0344-40-45-72/52		
11	Meda Agame	034-245-43-17/87-18	011-218-03-33	
12	Mekele	034-241-52-12/45		
13	Shire endesilassie	0344-44-05-90/034-444-43-13/22-21	0465-51-07-06	
14	Wukro	034-443-04-96/02/03-21		

### 6. Dessie Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	Adago	033-431-49-92/49-91		New
2	Ataye	033-661-07-30/10-59	057-557-05-55	
3	Bati	033-553-22-72/18-08		
4	Buanbua Wuha	033-311-98-98/ 033-311-69-92	046-115-09-27	
5	Degolo			
6	Dessie	0331-11-28-29/34/37	034-240-52-87	
7	Haik	033-222-07-65/12-80	025-441-12-53	
8	Hara	033-452-05-59/44	033-550-00-50	
9	Kemissie	033-554-14-50/43		
10	Kobo	033-334-13-12/13-10		
11	Kombolcha	033-551-08-77/39/83/07-96	0344-41-89-66	
12	Kone	033-443-05-66/07-54	057-776-09-10	
13	Lalibela	033-336-13-35/14-10		
14	Logia	033-550-00-60/75/16		
15	Mekaneselam	033-220-11-06/26		
16	Meket	033-211-12-88/74		
17	Mekoy	033-444-05-57/02-88		New



## Awash Bank Branch Address by Regional Office

18	Mersa	033-333-10-36/46		
19	Mugad	033-312-63-58		
20	Sekota	033-540-54-20/19		
21	Semera	033-366-28-13/48-85		
22	Shewa Robit	033-664-19-86/21-89		
23	Tosa	033-312-56-12/79-94		
24	Were Ilu	033-554-14-43/50		New
25	Woldia	033-331-25-79/16-93		

### 7. North West Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	Abay Mado	058-321-20-81/31-97	058-321-01-10	
2	Addis Kidam	058-450-07-35/07-12		New
3	Adet	058-338-10-74/73	034-240-25-46	
4	Azezo	058-114-12-22/058-114-11-63	058-320-89-86	
5	Bahir Dar Gebeya	058-320-07-90/14-67		
6	Bahirdar Ghion	058-320-95-10/96-92		
7	Bahrdar	0582-20-06-71/20-10-26		
8	Belay Zeleke	058-320-97-23/84-39		New
9	Bichena	058-665-15-80		
10	Bure Damot	058-774-10-73/774-11-48/83		
11	Chagni	058-225-04-58/01-79		
12	Dangila	058-221-18-20/17-31	057-555-12-77	
13	Debark	058-111-48-68	022-333-09-27	
14	Debre Elias	058-250-06-35/05-76		New
15	Debre Markos	0587-71-40-24/73-89/23-28	058-141-03-55	
16	Debre Tabor	058-141-03-03/46/19/42	022-211-57-33	
17	Debrework	058-663-00-00/01-34	0331-11-28-39	New
18	Dejen	058-776-24-74/21-68	022-666-04-29	New
19	Dembecha	058-773-08-53		New
20	Dengel	058-320-71-61/74-54		New
21	Dur Bete	058-556-57-64/65	0475-51-18-69	

## Awash Bank Branch Address by Regional Office

22	Este	058-447-16-98/058-447-16-18	057-227-05-00	
23	Fasiledes	058-211-46-21/22		
24	Finote Selam	058-775-21-13/14	011-131-07-95	
25	Ginde woin	058-664-05-97/96		
26	Gishabay	058-226-64-67/058-226-44-16		
27	Gonder	0581-11-48-67/68		
28	Injibara	058-227-08-07/09	046-324-20-04	
29	Jawi	0582-78-04-02/03		
30	Jiga	058-779-06-39/04-77		New
31	Kidame Gebeya	058-211-81-21/22		
32	Koso Ber	058-227-70-60/18		New
33	Kuch	058-289-04-45/46		
34	Lumame	058-772-07-29/28	047-135-18-79	
35	Mambuk			
36	Maraki	058-211-50-81/57		
37	Merawi	058-330-09-69/88	057-632-06-06	
38	Metema Yohannes	058-555-56-51		
39	Mota	058-661-19-74/20-74	022-212-04-08	
40	Nefas Mewcha	058-445-18-26/17-92		
41	Shebel Berenta	058-247-04-94/03-59	011-187-08-16	New
42	Shimbit	058-320-42-90/43-87	033-331-26-19	New
43	Tana	058-320-18-60/61	047-226-05-60	
44	Tilili	058-229-06-64/63		
45	Wenbera	058-451-04-51/50		
46	Woreta	058-446-16-41/058-446-14-91		
47	Yejube	058-246-04-75/39		New
48	Zenbaba	058-320-69-24		
49	Zigem	058-555-90-31		New

### 8. Adama Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	Abomsa	022-441-13-41/40	046-211-50-58	
2	Ada'a	0114-33-89-00/86/26	022-663-12-58	

## Awash Bank Branch Address by Regional Office

3	Adama	0221-11-85-85/84/86/022-112-15-00/022-111-11-23/13-82	0221-11-53-75	
4	Adama Bole	022-211-52-47/46	022-211-63-93	
5	Adama Industry park	022-212-59-87/63-91		New
6	Adama Ras	022-211-63-94		
7	Arboye	022-470-04-12/07-44		
8	Arerti	022-223-06-64/022-223-05-61	0223-31-56-22	
9	Arsi Robe	022-242-17-65/14-06		
10	Arsi Sire	022-330-07-57/07-39		New
11	Assella	022-331-27-70/28-75/63-56/	0256-62-05-93	
12	Awash Melkasa	022-225-03-17/08		New
13	Awash Sebat Kilo	022-224-02-74/79/ 022-224-03-19/44	058-114-08-79	
14	Balchi	011-673-04-06/0116730092		New
15	Batu	0464-41-22-10/52/54		
16	Bele Gesgar	022-513-76-55/77-23		
17	Berecha	022-112-04-81/05-75/022-111-18-59	057-641-04-62	
18	Bishoftu	0114-33-53-44/82/83/88	047-331-23-23	
19	Bokoji	0223-32-06-55/04-39/ 022-832-90-20		
20	Boku Shanan	022-211-79-64/65		
21	Bole Nura Era	022-453-06-37/08-63	0464-43-09-35	
22	Boru Jawi	022-512-04-00		New
23	Bosset	0221-11-90-27/28/30	058-774-11-96	
24	Bote	022-115-05-03/04-92		
25	Chefe	022-211-16-34/07-30		New
26	Chefe Donsa	022-451-05-14/10		
27	Chilalo	0223-31-82-74/75/76	022-668-05-40	
28	Cholle	022-454-05-61/022-454-05-62	058-221-21-43	
29	Dabe Boku	022-212-44-69/46-84		New
30	Dabe Soloke	022-211-54-33/75-88		New
31	Dambi	0114-30-05-63/64/67/68	0221-10-06-22	
32	Degaga	022-211-93-77		New
33	Dembela	0221-10-06-21/23/06-24		
34	Dera	022-333-00-00/09-17	0114-32-05-23	
35	Derartu Adebabay	022-211-69-26		
36	Dhadacha Arara	022-212-17-46/30-74		New
37	Diksis	022-339-05-55/18		

## Awash Bank Branch Address by Regional Office

38	Doni	022-512-34-78/29-34		New
39	Dosha	022-238-26-12/67-34		New
40	Eteya	022-335-04-89/07-65	022-337-07-69	
41	Ganda Gara	022-212-19-03/48-52		
42	Gara Baru	011-430-00-96/49		
43	Gobessa	022-446-06-57/93		
44	Gololcha	022-826-09-04	0256-67-02-87	
45	Haro Dembel	046-441-17-38/30-83		New
46	Hora Bishoftu	011-430-05-87/84-97		New
47	Huruta	022-334-12-3/332	022-111-83-03	
48	Kalacha	022-211-74-56/67-80		New
49	Kechema	022-111-83-02/83-06/83-10		
50	Kersa	022-337-07-70/71		
51	Koka	022-499-01-92/02-05		
52	Kurkura	011-848-08-65		New
53	Lume	022-236-34-12		New
54	Mararo	022-467-03-59/31	046-445-21-92	New
55	Meki	022-118-00-44/08/118-05-33/022-118-07-47/022-118-01-98/80		
56	Metehara	022-226-12-13/13-11		
57	Migra	022-212-59-38/52-30	0251-11-21-33	New
58	Mojo	022-116-03-55/022-116-02-86		
59	Negele Arbagugu			New
60	Olenchiti	022-113-11-11/10-33		
61	Sagure	022-338-05-33		
62	Sar Tera	022-212-04-14/03-90/04-10/14		
63	Sekakalo	022-211-59-94/87-96		New
64	Siltana	022-513-03-36/33-72		
65	Sole	022-211-96-61/64-48		New
66	Uta Wayu	022-479-05-78/04-97		New

### 9. South Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	Abaro	046-211-39-65/64		
2	Abaya	046-326-61-62/56-34		

## Awash Bank Branch Address by Regional Office

3	Abosto	046-211-50-77/13/20/34	0114-33-85-47	
4	Adaba	022-663-12-22/65		
5	Adola Weyu	046-335-00-59/06-07/06-15/06-19		
6	Aje	046-456-02-76/68		New
7	Alamura	046-212-70-96/63-08	011-367-91-16	
8	Aleta Chuko	046-227-08-05		New
9	Aleta Wendo	046-224-05-88		
10	Angetu			New
11	Arsi Negele	0461-16-01-27/09-46/	0577-75-17-41	
12	Assasa	022-336-08-45	046-211-98-40	
13	Awasho	046-211-74-22/55-35	025-665-06-67	
14	Bale Robe	0226-65-17-00/06/12-03/16-99/	0464-41-22-11	
15	Bani	046-211-18-65/49-98	0255-55-01-69	
16	Bensa Daye	046-337-0637/046-337-0638	0223-32-00-80	
17	Beriso Dukale	046-443-15-20/16-25	011-188-09-23	New
18	Bule Hora	0464-43-09-27/01-21/09-22		
19	Chelelektu	046-333-04-20	011-665-92-78	New
20	Chembelala	046-212-66-56/69-29		
21	Dilla	0463-31-09-70/43-41/10-62/20-22		
22	Dodola	022-666-04-74/77	011-135-21-87	
23	Dolo Oddo	046-449-04-14/449-03-77/011-126-47-66		
24	Dolomena	022-668-00-39/21	025-552-13-48	
25	Filtu	046-473-05-38/48		
26	Fura	046-212-1854/2188	022-661-49-27	New
27	Gasera	022-462-07-54/15-88		
28	Gedeb	046-268-03-77/05-90		New
29	Ginnir	022-664-11-50	025-411-03-90	
30	Goba	022-661-26-13/29-29		
31	Haro Walabu	046-131-04-45	022-335-08-18	
32	Harufa	046-110-03-35/0461-10-06-10/11		
33	Hwassa	0462-20-48-19/47-22/ 47-11/ 47-51/ 0916-85-72-83/0911-42-52-35/0926-41- 56-81/ 0916-03-10-46/		
34	Hawasa Industry Park	046-212-14-78/ 24-72		New
35	Hawassa Areb Sefer	046-212-38-49	058-278-04-01	



## Awash Bank Branch Address by Regional Office

36	Hawassa Menaharia	046-212-40-21/41-62	025-211-08-83	
37	Jara	022-478-07-13/06-91		
38	Kercha	046-324-20-08		
39	Kiltu Dema	046-328-96-91		New
40	Kofele	046-112-09-78/046-112-08-69	057-779-08-44	
41	LEKU			New
42	Madda Walabu	022-244-20-68/18-03		
43	Moyale	046-444-17-91/16-62		
44	Negelle	046-445-21-90/93		
45	Sawena			New
46	Shafeta	046-212-62-61/64-99		
47	Shakiso	046-334-13-99/046-334-11-93/13-41	034-443-02-38	
48	Shashemene	0461-10-65-25/27-59/27-60		
49	Sofomer	022-665-31-17/25-25		
50	Tabor	046-212-00-34/00-56		
51	Wenago	046-333-08-95/07-28		New
52	Werka			New
53	Wondo Basha	046-2220-04-27/05-15		
54	Yabelo	0464-46-07-64/01-97/ 46-08-87/07-64		
55	Yirba	046-239-03-87/01-90		
56	Yirgachefe	046-332-16-59/15-64		New
57	Yirgalem	046-328-81-25/8176		New
58	Yirgalem Industrial Park	046-328-81-09/63		New

### 10. Wolayita Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	Alaba Kulitu	046-556-01-24/02-24/046-556-00-52	011-261-00-21	
2	Ameka	046-855-55-46		New
3	Angecha	046-304-06-66/07-77		New
4	Arbaminch	046-881-29-92/34/41-50	022-242-00-42	
5	Areka	046-552-13-20/13-21	022-336-08-19	
6	Birbir	046-452-06-78		New
7	Boditi	046-559-0965/10-00	0221-11-90-29	

## Awash Bank Branch Address by Regional Office

8	Bonosha	046-453-02-55/00-19	011-260-49-59	
9	Dallocha	046-466-04-40/05-96		New
10	Demboya	046-245-03-58 / 44		New
11	Dicha	046-180-49-59/57-14	057-550-05-65	
12	Doyo Gene	046-244-04-59/91	057-664-00-41	
13	Durame	046-554-16-22/18-65	011-367-90-92	
14	Fonko	046-263-04-18/02-81		New
15	Garo	046-181-47-96/03/31	058-222-00-73	
16	Gesuba	046-469-05-63		
17	Gimbichu	046-772-07-88/07-89		
18	Gofer Meda	046-178-73-71/79-93		New
19	Gombora	046-178-67-57/046-178-88-17		
20	Hadero	046-432-07-20/06-91		
21	Homecho	046-251-07-12/04-56		New
22	Hossana	0465-55-06-84/00-75/09-13		
23	Humbo	046-461-05-20/08-57		
24	Jinka	046-115-18-62/00	033-336-12-86	
25	Karat	046-773-05-80/21		New
26	Kindo Koysa	046-450-05-16/03-95	0255-57-05-63	
27	Sawla	046-777-16-62		
28	Seleme	046-178-62-42/21-20		New
29	Shinshecho	046-339-08-50/08-64	011-365-81-68	
30	Shone	011-687-06-35/07-74	0113-41-34-72	
31	Tercha	047-345-08-64/15		
32	Tona	046-180-53-58/65-80		
33	Wachemo	046-178-80-07/94-77		
34	Werabe	046-771-06-00		
35	Wolaita Sodo	0465-51-24-24/0465-51-07-43		

### 11. West Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	Aba Sena	057-771-24-84		

## Awash Bank Branch Address by Regional Office

2	Agamsa	057-890-40-35		
3	Amuru	057-639-06-36/07-65		
4	Anger Gutte	057-634-02-47/49 057-634-03-84/85	022-223-07-19	
5	Aqoldi	057-275-93-90/89-90	0461-16-08-77	New
6	Assosa	0577-75-16-52/17-46/76-73/16-73	034-275-04-77	
7	Ayira	057-577-06-98/38		
8	Babo Gambel	057-117-03-69/00-19	057-441-06-54	New
9	Bako	0576-65-14-14/65/21		
10	Bambasi	057-441-06-77/07-34	047-445-01-73	
11	Begi	057-641-04-41/03-26/92/ 057-641-05-01		
12	Burka Jato	057-660-81-27/29	0223-31-82-77	
13	Chomen Guduru	057-861-71-81		
14	Dalo	057-660-56-05/08		New
15	Dembi Dollo	0575-55-23-33/057-555-16-51		
16	Ejaji	057-550-06-12/06-02	022-212-23-39	
17	Enango	057-552-05-55		
18	Finchawa	057-664-01-51/00-69/01-90		
19	Gedo	057-227-01-59/00-70		
20	Gida Ayana	057-773-06-91/56	011-282-08-01	
21	Gidami	057-780-08-00/01	057-663-05-71	
22	Gimbi	0577-71-00-66/03-42/08-80	057-116-06-66	
23	Gobu	057-665-15-73/16-05		New
24	Gudaya Bila			New
25	Gudetu Arjo	057-116-06-17/06-60		
26	Guduru	057-663-06-10/11	046-220-47-51	
27	Gulisso	057-778-02-78/81/85	046-212-36-21	
28	Hababo Guduru	057-445-66-69/057-445-60-30	034-773-06-52	
29	Harato	057-118-05-96/26		New
30	Haro Limu	057-446-2210/32	0344-48-14-71	
31	Haro Sebu	057-556-05-74/06-22		
32	Hora Fincha	057-664-26-10/21-34	046-775-18-59	
33	Jardaga Jarte	057-637-04-76/		

## Awash Bank Branch Address by Regional Office

34	Jima Rare	057-223-06-55/05-27		
35	Jimma Arjo	057-667-05-15/31		
36	Jitu	057-633-06-14/03-97		New
37	Kamashi	011-215-05-30/62		
38	Kumsa Moroda	057-660-12-51/27-05		
39	Leka	0576-61-14-02/30/33		
40	Mendi	057-776-09-06/07 /057-776-07-56/08-77		
41	Mizyig	057-447-20-20/21	0576-61-54-74	
42	Mugi	057-779-06-55/05-33		
43	Nafi	057-660-97-35/36	011-638-73-92	
44	Nejo	057-774-04-92/057-774-02-87/06-14	0461-10-00-14	
45	Nekemte	057-661-70-92/90/661-32-01/057-661-82-07		
46	Nole Kaba	057-632-06-62/07-14		
47	Oda	057-660-09-20/13-70		
48	Oda Buluk	057-866-22-78/27-72		
49	Sayo Nole	047-557-20-20/21		
50	Shambu	057-666-01-42/39		
51	Sibu Sire	057-668-09-21/09-17		
52	Uke kersa	057-447-61-43/057-447-61-61		

### 12. South West Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	Aba Jifar	047-211-27-94/17-33		
2	Ababuna	047-211-46-05/45-89		
3	Agaro	0472-21-17-46/36-55		
4	Asendabo	047-114-07-93/08-31		
5	Baromado	<b>047-151-46-65/42-48</b>		New
6	Bedele	047-445-08-65/10-97/02-40/01-43		
7	Bonga	047-331-18-65/06-91	011-260-46-12	
8	Chora	047-337-07-06/05	0116-37-50-88	
9	Darimu	047-444-05-61/06-28		New
10	Didessa	047-443-05-37/39		New

## Awash Bank Branch Address by Regional Office

11	Dima	047-835-12-90/96		New
12	Gambela	0475-51-18-14/67/68	057-780-08-02	
13	Gambela Newland	047-151-52-79/38-50	011-258-11-70	
14	Gera	047-342-06-93/30		
15	Gomma	047-221-53-47/48	025-466-98-59	
16	Gore	047-554-14-27/13-21		New
17	Hirmata	047-211-00-33/35/39	0471-11-94-12	
18	Hurumu	047-446-05-65/06-16		New
19	Jimma	047-111-21-89/11-59-76/12-92/25-58		
20	Jiren	047-211-37-08/31-88		
21	Konta	047-227-05-93/07-32		New
22	Limu Genet	047-224-07-52/20	0474-41-41-65	
23	Masha	047-452-26-51/53		
24	Meti	047-339-06-64/05		New
25	Metu	047-441-26-48/34/67	022-113-11-71	
26	Mizan Teferi	047-135-91-38/31-89		
27	Pugnido	047-465-03-91/06-99		
28	Shebe	057-639-06-36	011-380-30-07	
29	Shenen Gibe	047-211-76-24/66-93		
30	Shey Bench	047-777-04-46/07-30		New
31	Sokoru	047-111-70-634/04-99		New
32	Tepi	047-556-34-89/35-66		
33	Toba	475-40-05-00/0475400751		New
34	Wacha	047-338-04-75		New
35	Yayo	047-333-07-65/51/80		
36	Yebu	047-226-04-85/06-22		

### 13. East Region

S.N	Branch Name	Telephone Address	Fax	Remark
1	Aferen Kelo	025-441-12-52		
2	Aweday	0256-62-05-61/66	0576-65-14-94	
3	Babile	025-665-06-14/07	0226-65-19-75	
4	Bedeno	025-332-06-81/70	0114-37-04-20	New
5	Bedessa	0255-55-01-51/00-57		



## Awash Bank Branch Address by Regional Office

6	Beroda	025-443-0495/05-24		New
7	Boke	025-230-07-11/04-69	022-115-05-42	
8	Chelenko	025-335-05-86	0587-71-42-25	
9	Chiro	0255-51-11-21/10-21	011-430-05-69	
10	Dara	025-772-09-95		New
11	Deder	025-333-12-99/12-68		
12	Dire Dawa	025-771-06-48/49	0463-31-41-07	
13	Dire Dawa Industrial Park	0251-11-40-42/80-16/80-05		New
14	Gelemso	025-113-03-69		
15	Gode	025-552-13-28/ 14-00		
16	Grawa	025-776-10-89/15-04		
17	Hafatessa	025-334-05-79/31	057-556-08-31	
18	Harar	025-411-03-95/88/78 025-811-92-30	047-211-00-44	
19	Harar Arategna Sefer	0256-66-06-16/025-667-07-60	0465-55-06-94	
20	Harar Hundene	025-466-27-07/025-466-85-34		
21	Haromaya	025-466-85-35		
22	Hirna	025-661-04-67	058-227-08-04	
23	Jigjiga	0257-75-25-48/65-88	033-551-07-92	
24	Kali	025-278-02-70/94/35/97	0576-61-14-39	
25	Kezira	025-211-37-60/08-83		
26	Kulubi	025-339-00-00	022-118-07-40	New
27	Laga Oda	025-211-53-60/84-40		
28	Mechara	025-557-05-61/62-32-02	033-312-11-40	
29	Nahar	025-211-35-15/87-58		
30	Sabian	0251-11-21-30/12-48-79/ 0935-66-06-98/99	011-161-71-51	
31	Shebele	025-278-68-55/82-06	011-380-40-33	
32	Shewa Ber	025-466-42-02/92-44		New
33	Togochale	0258-82-01-31/0258-82-01-32		
34	Weltasis	025-659-45-43/025-659-04-07		New

## List of Full-Fledged Interest Free Banking Branches (IKHLAS)

No	Name of branch	Location	Telephone	Remark
<b>1</b>	<b>North A.A Region</b>			
1.1	Ababil	Near to T/Haimanot Hospital	011-126-4763/66	
1.2	Awelia	Infront of Awelia School	011-273-1210/1995	
<b>2</b>	<b>South Addis Ababa Region</b>			
2.1	Ameen	Furi-Bajaj Tera Area	011-380-5064/5240	
2.2	Ihsan	Welete Area	011-380-3496/3243	
<b>3</b>	<b>West Addis Ababa Region</b>			
3.1	Afdal	Sidamo-tera Area	011-273-3102/01	
3.2	Amal	Awtobes Tera	011-273-5524/23	
3.3	Khidma	Bereber Berenda Area	011-369-5084/5812	
3.4	Manal	Alem-Bank Square	011-369-5084/12	
3.5	Mu'amalat Branch	Betel area	011-369-7815/16	
3.6	Yusera	Karakore Girar Area	011-369-5455/3856	
<b>4</b>	<b>Adama Region</b>			
4.1	Kuaser	Assela	222283147	
4.2	Noor	Adama	022-111-27-79	
4.3	Raji	Adama	022-212-10-86/07-92	<b>New</b>
<b>5</b>	<b>North West Region</b>			
5.1	Nejashi	Bahir Dar	058-220-78-29/69-20	
<b>6</b>	<b>South Region</b>			
6.1	Bani	Shashemene	046-211-18-65/49-98	
6.2	Berekah	Shashemene	046-211-93-28/56-47	
6.3	Ikram	Assasa	022-336-07-95	<b>New</b>
6.4	Teqwa	Dodola	0910-98-95-91	<b>New</b>
6.5	Ansar	Robe	0921-09-73-92	<b>New</b>
<b>7</b>	<b>South West Region</b>			
7.1	Ashura	Dedo	047-223-05-19/26	
7.2	Rayyan	Agaro	047-221-2690/1165	

7.3	Hira	Jimma	047-211-1902/2164	
<b>8</b>	<b>East Region</b>			
8.1	Barwako	Jigjiga	025-278-53-91/92	
8.2	Chinaksen	Chinaksen	025-779-05-29/04-59	
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	025-211-8758/35-15/24-39	<b>New</b>
8.8	Dara	M/Harerge	025-772-09-95	<b>New</b>
8.9	Billal	Harer	025-466-41-76	<b>New</b>
8.1	Taajir	Harer	025-466-80-74/09-46	
<b>9</b>	<b>West Region</b>			
9.1	Nafi	Nekemte	057-660-97-35/36	
<b>10</b>	<b>Dessie Region</b>			
10.1	Afelah	Kombolcha	033-351-7905/6527	
10.2	Akrem	Harbu Town	033-552-05-15/04-96	
10.3	Fathi	Dessie	033-312-7981/8593	
10.4	Mabrook	Sanbete	033-118-06-08/06-27	
10.5	Kebir	Chefarobit	09-24-13-81-30	<b>New</b>
<b>11</b>	<b>Wolayita Region</b>			
11.1	Amanah	Halaba	046-556-16-25/26	
11.2	Mina	Werabe	046-771-0844/75	
11.3	Afiya	Sankura	046-237-03-10	<b>New</b>
11.4	Imam	Lera	046-234-04-66/02-97	<b>New</b>









*New look,  
Renewed commitment,  
Enhanced services!  
We flow with you.*



Customer Line: 8980

TEL: +251 115 570167 FAX: +251 115 570136

P.O.BOX: 12638 Addis Ababa , Ethiopia

E-MAIL: [contactcenter@awashbank.com](mailto:contactcenter@awashbank.com)

WEBSITE: [www.awashbank.com](http://www.awashbank.com)

SWIFT code: AWINETAA