



**ANNUAL  
REPORT**  
2018/19



አዋሽ ባንክ  
**AwashBank**  
Nurturing Like the River



(1994 - 2019)

**Celebrating Success,  
Envisioning the Future!**



አዋሽ ባንክ  
**AwashBank**  
Nurturing Like the River



አዋሽ ባንክ  
**AwashBank**  
Nurturing Like the River

ANNUAL REPORT FOR FINANCIAL  
YEAR ENDED JUNE 30, 2019



Prosper with the Leading Private Bank!



አዋሽ ባንክ  
**AwashBank**  
Nurturing Like the River

## 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.”

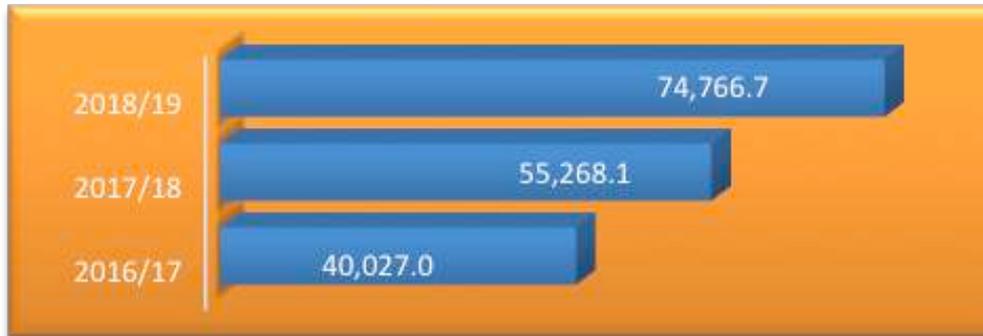
## CORE VALUES

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

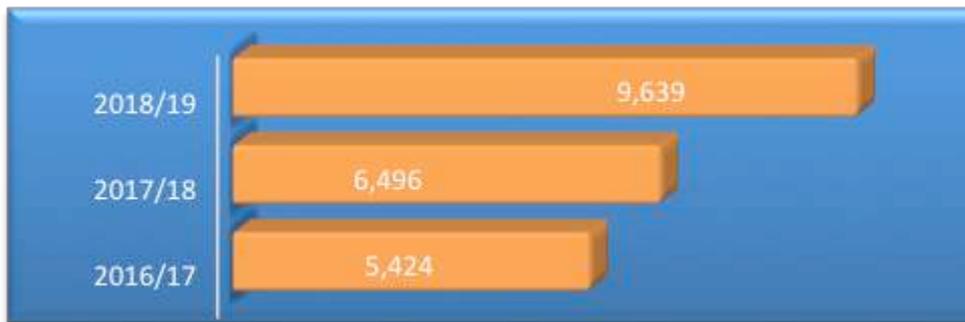
# CONTENTS

<b>Board Chairman’s Message .....</b>	<b>1</b>
<b>Chief Executive Officer’s Statement.....</b>	<b>9</b>
<b>Report of the Board of Directors .....</b>	<b>13</b>
<b>1. Operational Performances .....</b>	<b>13</b>
1.1 Mobilization of Deposits .....	13
1.2 Loans & Advances .....	14
1.3 International Banking Services .....	17
1.4 Total Assets.....	19
1.5 Capital.....	19
<b>2. Financial Performance .....</b>	<b>19</b>
2.1 Income .....	19
2.2 Expenses .....	20
2.3 Profit .....	21
2.4 Proposal on Dividend Payout.....	22
<b>3. Vision 2025 Strategy Implementation Status and Other Organizational Developments.....</b>	<b>23</b>
3.1 Progress in Vision 2025 Strategy Implementation.....	23
3.2 Human Resource Development .....	23
3.3 Service Delivery Channels .....	24
3.4 Information Technology.....	24
3.5 Construction of Own Buildings.....	26
<b>4. Corporate Social Responsibility .....</b>	<b>27</b>
<b>5. IFB Sharia Advisory Committee’s Report.....</b>	<b>29</b>
<b>6. Auditors’ Report.....</b>	<b>31</b>

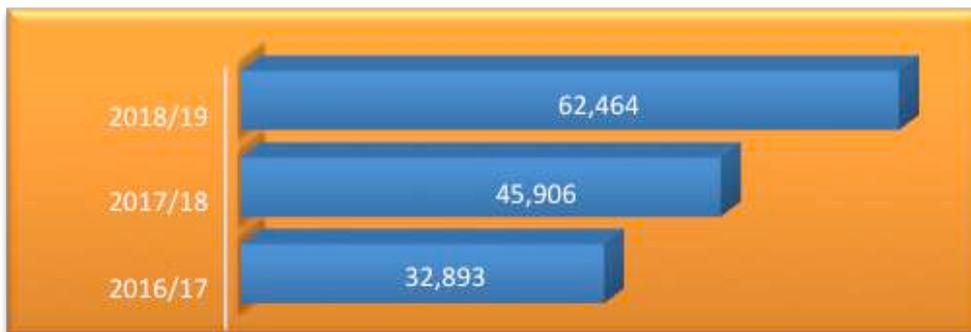
## Highlights of Major Performances (In Millions of Birr)



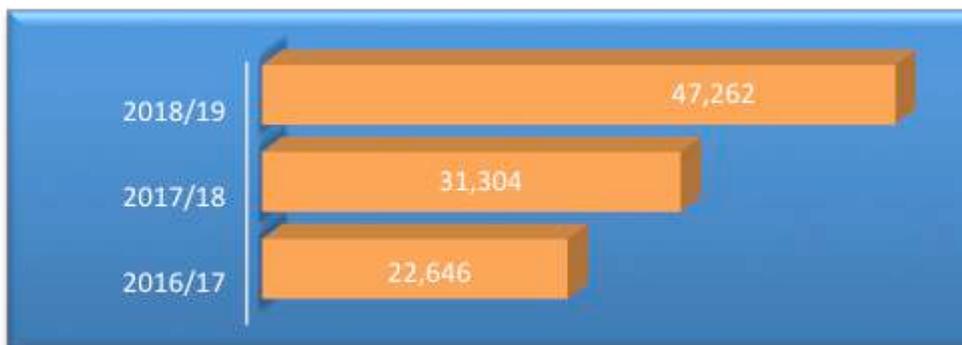
**Total Assets**  
▲ 35%



**Capital & Reserve**  
▲ 48%



**Deposit**  
▲ 36%



**Loans & Advances**  
▲ 51%



**Profit before Tax**  
▲ 70%

Prosper with the Leading Private Bank!

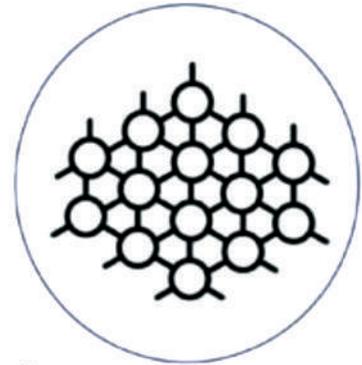
RESPONDING TO  
CHANGING LIFE



9,046+STAFF



616 POS TERMINALS



410 BRANCHES



AWASH MOBILE BANKING



AWASH ONLINE BANKING



273 ACTIVE ATMs



AGENT BANKING

# THE BOARD OF DIRECTORS



**Tabor Wami**  
Chairman, Board of Directors



**Antonio Carnevale (Eng)**  
V/Chairman, Board of Directors



**Abaynesh Bekele**  
Director



**Alemu Tita**  
Director



**Daniel Tewodros**  
Director



**Amb. Dibaba Abdeta (Dr.)**  
Director



**Ephrem Tesfaye**  
Director



**Eshetu Aredo**  
Director



**Getachew Olana**  
Director



**Girma Guluma (Eng.)**  
Director



**Gudissa Legesse**  
Director

## BOARD CHAIRMAN'S MESSAGE



**Tabor Wami**  
**Chairman, Board of Directors**

On behalf of the Board of Directors of Awash Bank and on my own behalf, I welcome you all to the 24th Awash Bank's Shareholders Annual General Meeting (AGM) of the FY 2018/19. I would also like to congratulate our respected Shareholders, esteemed Customers and concerned Stakeholders on your presence, continued trust, and patronage extended to the Bank all the years which enabled Awash Bank (AB) to register amazing results in all spheres of its operational activities and remain the leading private bank over the years.

The FY 2018/19 was a mix of both opportunities and challenges to the banking industry. The opportunities were the political reforms made and the challenges were the compliance requirements at national and international levels, relatively elevated inflation, tighter, though recently relaxed, regulatory framework, political instability in some parts of the country and the stiff competition in the banking industry. Despite the challenges, however, by exploiting the opportunities & withstanding the constraints, Awash Bank operated commendably and once again has recorded a laudable performance and unique result of its kind during the FY 2018/19.

Not only this, the Financial Year 2018/19 was a year of success in that the Bank's achievement was by far greater than that of the cascaded annual plan to be implemented on the third year of the ten years strategic journey of "Transforming AB: Vision 2025 Project".

The 24th Annual General Meeting (AGM) of Shareholders of Awash Bank is historical in that it is being conducted while the two

## Prosper with the Leading Private Bank!

Sister Companies, Awash Bank and Awash Insurance, are celebrating their Silver Jubilee. It is worth mentioning that both companies have played a great role in contributing to the development of private banks and private insurance companies in the country.

Our Bank, despite a stiff competition, has shown a continued progress in building a stronger and safer Bank that is capable of delivering improved returns for its Shareholders over the years. In recent years, the Bank has increased its income, earning per share and dividend paid out with a track record of creating shareholders value. A milestone performance was recorded in all spheres of operations including, Deposits, Loans and Advances, Income, Branch Networks and above all Gross Profit. The major operational activities such as customer Deposits, Loans and Advances, Income and Gross Profit during the year grew by 36%, 51%, 49% and 70%, respectively, as compared to same period of last year. Foreign currency earned during the year was incredibly high reaching USD 918,873,000 and a growth of 55% was recorded as compared to the preceding year. The efforts exerted in resource mobilization activities and in attracting the Diaspora Communities and the NGOs for foreign currency generation are worth mentioning at this point.

Total asset of the Bank has reached Birr 74.6 Billion indicating a growth of 35% as compared to last year's achievement. The performance achieved were the results of rigorous efforts of the Board, the Management and the entire staff joining hand-in-hand. In addition, the strategy followed by the Bank and the Business Operating Model practiced since the launching of the "Transforming AB: Vision 2025" Project have contributed and also proved to take the Bank a step forward to hit its target of becoming one of the "Top Ten East African Private Banks" by the year 2025".

Awash Bank has also registered inspiring results on projects on hand including IT projects and the construction of own buildings. With regard to the IT projects, AB has embarked on delivering vendor related and in-house developed information technology solutions. Continuing on its journey of innovation and customer excellence, the Bank has completed the project work and started operations with the vendor related IT projects such as Enterprise Service Bus (ESB), Customer Relationship Management (CRM) and the Contact Center (CC) solutions during the year under review. Other IT projects like Essence Core Upgrade and IFB System, Trade Innovation (TI) Upgrade and the Procurement of own Switch Solutions are under process. Among in-house developed software projects, Leave Management System, Training Management System, Job Application System, Claim Ticket Origination System, Pin and Card Management System, Performance Evaluation and Employee Service Management Systems were completed during the fiscal year and some of them are under implementation.

With regard to the performances of the digital channels, encouraging results were achieved in the use of ATMs and POS terminals, Mobile Banking and Internet Banking services. The achievements in terms of the ATM Cards issued, number of M-Wallet, Internet subscribers and the number of Agents recruited during the year have shown a growth of 35%, 96%, 220% and 200%, respectively, as compared to last year same period. The Bank's effort to put its foot print in the utilization of the ATM terminals in all of its branches with an objective of providing efficient services to its customers is encouraging. In addition, the introduction of different digital technologies by the Bank had also helped customers to get the banking services at their doors.

The need to strengthen the fixed assets of the Bank has continued by the construction of own buildings at different parts of the

country to ensure long-term and sustainable growth of the Bank. The major landmark in this regard includes, the Six Storey Jimma Mixed Use Building which was recently inaugurated and opened for branch use and other sideline businesses. At this point, the commencement of the construction of a 12 storey Bulbula Mixed Use Building is to be mentioned. In addition, in an effort to build its images at different strategic places, the Bank has acquired one building in each of Bale Robe and Shashemene Towns of the Oromia Regional State and in the City of Dire Dawa. The Bank's move to construct its own buildings at strategic areas will continue in the future in a planned manner.

The Human Resource Management is important for Banks, as banking is a service giving industry. Therefore, the Human Resource Policies and Practices of Awash Bank is focused on attracting, motivating and retaining qualified and skilled manpower. In line with this, steps were taken to improve manpower efficiency focusing on optimizing the existing resource through internal job postings, transfers and skill development initiatives. The nature of the business also requires continuous skill up with in-house or outside the country trainings. Accordingly, various trainings and capacity building activities were given to staff members of the Bank during the year ended June 30, 2019. Hence, from the total of 9,046 staff strength of the Bank, short-term trainings were given to 7,365 staff and 736 staff were sponsored by the Bank to pursue further education at different levels during the year under review.

I would like to underline here that the Board is fully assertive to the extent that the Bank remains the most important pillar of the private banks, with all the capability to perform its main role, competence, qualifications and trustworthiness of the Management team and dedication and relentless efforts of the entire staff for the attainment of its grand vision on or before 2025. The Bank will continue to deliver its

strategic commitments and create value for its shareholders as well as the communities at large.

I am confident that both the incoming Board and the Bank's Management shall as before combine their skills and energies and strive to register yet another new glimmering success with mutual trust between the Bank and its clients and thereby maintain AB's leading position amongst the private banks of the country. The Board also believes that the introduction of IFRS, a new financial reporting standard, would help promote the image, recognition and reputation of the Bank at a global level.

Before concluding, on behalf of the Board, I would like to once again, extend my genuine gratitude to AB's shareholders, customers, business partners and other stakeholders for their indispensable support and trust. My appreciation goes to AB's Management Team and all employees for their dedicated services and hard work to their Bank in delivering commendable results and enabling the Bank to drive a step forward.

I would also like to thank my fellow Board of Directors for their concerted efforts and insights throughout the year and providing strong support and guidance. The Board places on record its appreciation to the NBE for its support and guidance.

Finally, recalling that the Bank has come a long way and has still a long way to go, I want to assure you that in the years to come, our Bank will strongly pursue the laid down visionary strategy to bring about excellence and further penetrate the market to play the leading role in the banking industry. I also look forward to the continuation of a high level of Ethiopia's economic growth within a stable macro-economic environment and to AB's successful operation during the FY 2019/20 and beyond.

Thank you.

# EXECUTIVE MANAGEMENT



**Tsehay Shiferaw**  
Chief Executive Officer



**Yohannes Merga**  
Chief Information Officer



**Tadesse Gemedo**  
Chief, Whole Sale Banking  
Officer



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



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



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



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



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



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



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



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



**Dereje Getachew**  
Director, Trade Services Directorate



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



**Ephrem Bogale**  
Director, Credit Appraisal &  
Analysis Directorate



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



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



**Hailu Woldegebriel**  
Executive Assistant to  
the CEO



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



**Lemessa Bulti**  
D/ Director, Internal Audit  
Directorate



**Lamessa Soboka**  
Director, Corporate Banking,  
Directorate



**Netsanet W/Kidan**  
Director, SME Banking  
Directorate



**Nurfeta Legesse**  
Director - Business Solutions  
Directorate



**Soressa Alemu**  
Director, Shared Services  
Directorate



**Takele Arega**  
Director, Legal Services  
Directorate



**Tegene Tesfaye**  
Director, Business Banking  
Directorate



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



**Temesgen Workneh**  
Director, Employee Service and  
Talent Mgt. Directorate



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



**Yonas Kumera**  
Board Secretary



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



**Zebene Kaba**  
Director, Personal Banking  
Directorate

## CHIEF EXECUTIVE OFFICER'S STATEMENT



**Tsehay Shiferaw**  
Chief Executive Officer

I feel proud and indeed pleased to announce to all respected Shareholders, Board of Directors, Members of Management and the hard working Awash staff, esteemed customers and all other stakeholders that Awash Bank's performance was extra-ordinary in the financial year just ended and like the preceding years, it has stood vibrantly visible among private banks operating in the country.

Let me seize this opportune moment to congratulate respected Shareholders, Board of Directors, Management and the entire staff, loyal customers and all other stakeholders of Awash Bank and Awash Insurance Company S.C. on the 25<sup>th</sup> Silver Jubilee of the formation of the two companies. The 25<sup>th</sup> anniversary celebration under the theme "Celebrating Success, Envisioning the Future!" is envisaged to glorify our past successes and serve as a spring board to renew our commitments for excellence in the years to come!

The year just ended was indeed a year of big challenges. Instability in some parts of the country, huge demand-supply gap for hard currencies, the prevailing regulatory requirements like the 30% foreign currency surrender requirement, stiff competition among local banks for deposits, etc. were some of the challenges encountered by financial institutions, especially banks.

In spite of the above challenges, however, with a concerted effort of all, our Bank was able to perform much better than the preceding years and has maintained its leading position in the private banking industry.

As it has been correctly cited by a distinguished Management Scholar, one cannot make a serious of good decisions without first confronting the brutal facts of reality. The Scholar underlined that confronting the facts of reality, whatever they might be, and at the same time retaining a strong faith that one will prevail in the end regardless of the difficulties, has proved to be a source of strength to accomplish one's goals. This was what has exactly happened during the year and proved to be workable in our endeavor for excellence.

Awash Bank's profit before tax stood at Birr 3.34 billion from Birr 1.96 billion of last year the same

## Prosper with the Leading Private Bank!

period; i.e. Birr 1.38 billion or 70% growth. This private banking was extra-ordinary in the history of our Bank as well as in the private banking industry.

The paid-up capital reached Birr 4.38 billion from Birr 2.94 billion of last year same period; that is, an increment of Birr 1.44 billion and earnings per share (EPS) has shown an amazing growth from 543 in 2018 to 632 in 2019 for a par value of Birr 1,000, which is one of the highest figures in the private financial industry.

As a result of rising cost of operation, upward revision of fringe benefits of employees and overall enhanced operation of the Bank, total expense has surged from Birr 3.44 billion in 2017/18 to Birr 4.71 billion in 2018/19. Of the total expense items, interest expense, personnel expense and depreciation and impairment of property, plant and equipment took the highest share.

Total deposit as at end of June 30, 2019 stood at Birr 62.46 billion and that was the highest ever registered in the history of our Bank. The deposit balance grew by Birr 16.56 billion or 36% as compared to last year same period. At this point, I would like to underscore that the contribution of all staff members in resource mobilization activities is worthy of special mention.

Total asset tremendously grew from Birr 55.27 billion in 2017/18 to Birr 74.77 billion in 2018/19, i.e. a growth of Birr 19.49 billion in a single year! This growth is mainly attributed to a significant growth of loans and advances by Birr 15.96 billion and purchase of NBE bills.

The NPLs ratio stood at 1.1 % as at end of June 2019 and that was far below the maximum threshold, i.e. 5%, set by the National Bank of Ethiopia. The total number of branches of the Bank as at end of June 2019 was 410.

The year ended June 30, 2019 was a very successful year to Awash Bank in respect of the following:-

1. For the third time, our Bank has successfully attained all the targets set in the grand strategic document and this is a clear indication that our Bank's journey from Good-to-Great by the end of 2025 is likely attainable,
2. The Customer Relationship Management (CRM) and Contact Center (CC) solutions, Performance Management System (PMS) and Cultural Transformation Initiatives are

almost finalized and will be put in force in a very short period of time,

3. In view of its big role as an accelerator of momentum, upgrading of the Core Banking System is well underway and it is likely that the project will be successfully concluded shortly as per the schedule,
4. Jimma Building was fully completed and will be operational soon. Contract has been signed and site hand-over has already been made to a contractor for the construction of another building in Addis Ababa, Bulbula Building, etc...

The future of banking business in Ethiopia is surrounded by a mix of opportunities and challenges. The growth of the national economy, restoration of peace with neighboring countries, tremendous potential for banking business, relaxation of some regulatory requirements, commitment of the Federal and Regional Governments to support the sector, etc. are some of the envisaged opportunities. The situation of peace and stability as well as the expected stiff competition among the existing and new entrant banks will obviously challenge the existing trend of 'business as usual'.

I'm, however, optimistic that things will change for the better if we work hard and face the brutal facts of reality as Martin Luther King Jr. once said, one can "Carve a tunnel of hope through the dark mountain of disappointment".

At this point, I would like to extend my special thanks to our valued customers for the confidence they have on us and being with us, and the strong Management and committed staff members for making a big difference! I believe, if we stand together like the previous years, Awash Bank will further stand visible in the next generation also!

At last, I would like to thank all Shareholders, Board of Directors, Federal and Regional Government offices and particularly the National Bank of Ethiopia for their support and guidance in our endeavor to achieve our business objectives!

May God bless our country and Awash Bank!

# Pictorial Presentation of Shareholders Meeting



Partial View of the 23<sup>rd</sup> Ordinary Shareholders Meeting, November 2018



Board of Directors in Group

## Pictorial Presentation of Management Meeting, 2018/19



Partial View of Management Meeting, 2018/19



Awarded Best Performing Branches Picture with the Board of Directors & Executive Management, 2018/19

## Report of the Board of Directors

The Board of Directors of Awash Bank is pleased to present the Annual Report and the Audited Financial Statements of the Bank for the financial year ended June 30, 2019 to the 24<sup>th</sup> Annual General Meeting of Shareholders of Awash Bank. All financial information presented in this report, including the comparative periods, were prepared in accordance with the International Financial Reporting Standards (IFRS).

Financial Year 2018/19 witnessed slowdown in global economic growth and world trade volumes largely associated with increased trade protectionism, geopolitical tensions and tighter financial conditions with ramifications on the demand for Ethiopia's major exportable products, inflow of remittances and capital.

On the domestic front, FY 2018/19 was marked by macroeconomic imbalances and structural weaknesses as witnessed by double digit inflation, stagnant export performances, and shortage of foreign exchange, elevated risk of debt distress, low productivity and difficulty in doing business.

Since the launching of the 10 year transformation roadmap in 2016/17, under the theme "Transforming AIB: Vision 2025", Awash Bank has focused on executing its core strategy initiatives of aggressively growing market share and penetration, driving service delivery excellence, building high performance culture and instituting effective risk management system through technology enabled operations. This has enabled the Bank to withstand both global and domestic challenges and exhibit

superior operational and financial performances among the private banks operating in Ethiopia by more than doubling its deposit balances, loan portfolio, asset size and profit levels in three years' time.

### 1. OPERATIONAL PERFORMANCES

Awash Bank has registered another set of impressive results in all operational areas during Financial Year 2018/19, demonstrating the fact that the Bank is on the right track to achieve its strategic aspiration of becoming "One of the Top Ten Private Commercial Banks in East Africa by 2025".

#### 1.1. Mobilization of Deposits

Spurred by growing customer base, wide branch networks and offerings of convenient and customized products using different service delivery channels, Awash Bank has continued to depict strong deposit mobilization performances in 2018/19 among private banks operating in Ethiopia. Accordingly, the total deposit of the Bank, including interest free banking and margin held on letters of credit, rose to Birr 62.5 billion by the end of June 2019, up by Birr 16.6 billion (36 percent) compared with the same period of last year.

Of the total deposit of the Bank, saving deposits accounted for the lion's share of total deposit (59 Percent), followed by demand deposits (30 percent), time deposits (6 percent) and margins held on letters of credit (5 percent), largely mirroring the strategy of the Bank to focus on low cost and sustainable sources of funding.

Table1: Deposit by Type

(In Millions of Birr)

Descriptions	Financial Year			Growth			
	2016/17	2017/18	2018/19	Absolute		%	
	A	B	C	B-A	C-B	B/A	C/B
Saving deposits	20,142	27,336	36,773	7,194	9,437	36	35
Demand deposits	8,242	12,993	18,929	4,751	5,936	58	46
Time deposits	2,316	3,122	3,914	806	792	35	25
L/C Margin	2,193	2,455	2,848	262	393	12	16
<b>Total deposit</b>	<b>32,893</b>	<b>45,906</b>	<b>62,464</b>	<b>13,013</b>	<b>16,558</b>	<b>40</b>	<b>36</b>

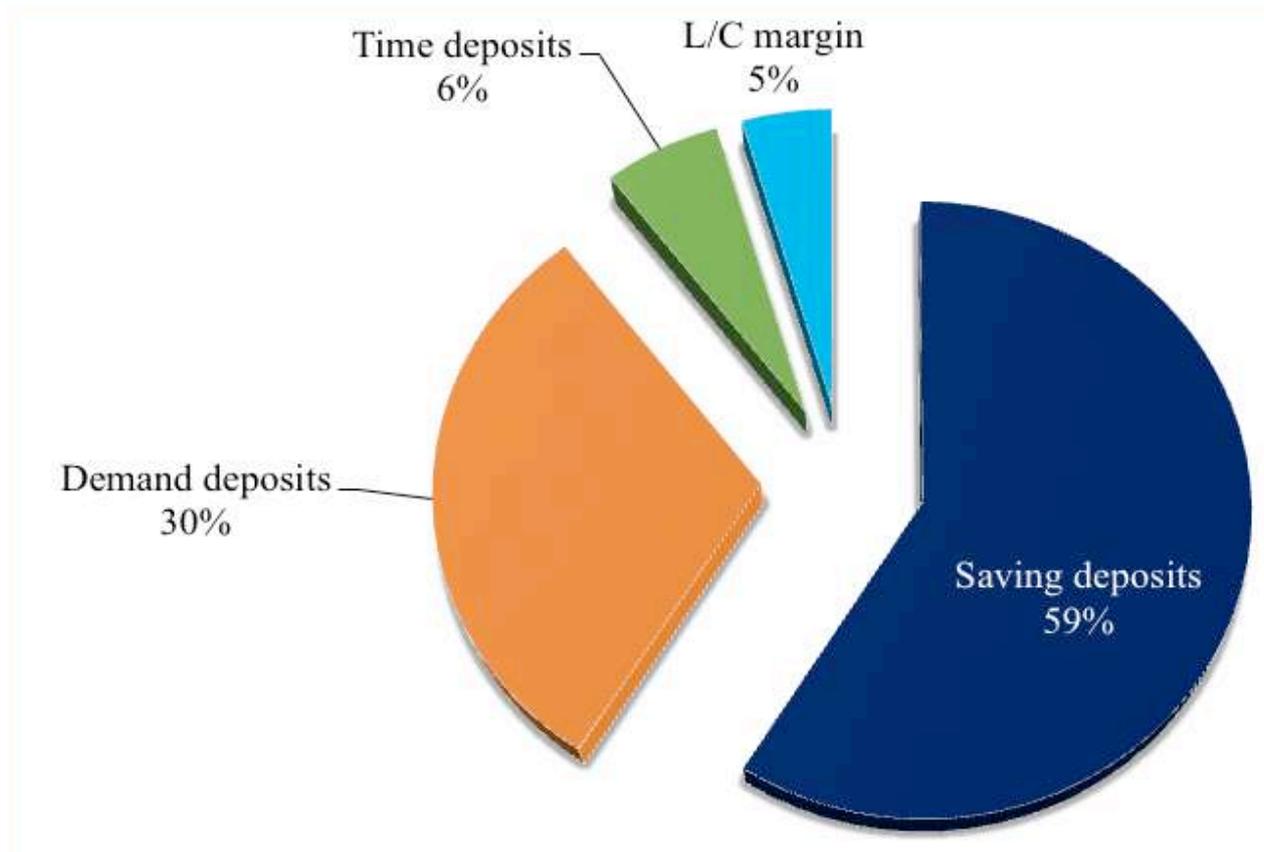


Figure 1: Deposit Structure as at June 30, 2019

## 1.2. Loans and Advances

Being the largest private bank operating in Ethiopia, Awash Bank shoulders the responsibility of stimulating the national economic growth through availing finance to different sectors of the economy, particularly to those designated as priority sectors (export and manufacturing).

The total outstanding loans and advances extended to different sectors of the economy remarkably rose to Birr 47.3 billion by the end of June 2019, up by Birr 16 billion (51%) from Birr 31.3 billion a year ago.

Sectoral distribution of loans and advances reveals that domestic trade and services accounted for the lion's share (27 percent), followed by building and construction (20 percent), export (20 percent), import (11 percent), manufacturing (11 percent), transport (4 percent), personal loans (4 percent) and others (3 percent).

Table 2: Loans and Advances by Economic Sectors

(In Millions of Birr)

Descriptions	Financial Year			Growth			
	2016/17	2017/18	2018/19	Absolute		Percentage	
	A	B	C	B-A	C-B	B/A	C/B
Domestic Trade & Service	7,091	8,302	12,706	1,211	4,404	17	53
Building & Construction	3,639	5,561	9,514	1,922	3,953	53	71
Export	4,214	7,096	9,432	2,882	2,336	68	33
Import	3,232	3,362	5,056	130	1,694	4	50
Manufacturing	1,819	3,337	5,092	1,518	1,755	83	53
Transport	1,527	1,904	2,117	377	213	25	11
Personal loans	299	477	1,951	177	1,474	59	309
Others	825	1,265	1,395	440	130	53	10
<b>Total</b>	<b>22,646</b>	<b>31,304</b>	<b>47,262</b>	<b>8,658</b>	<b>15,958</b>	<b>38</b>	<b>51</b>

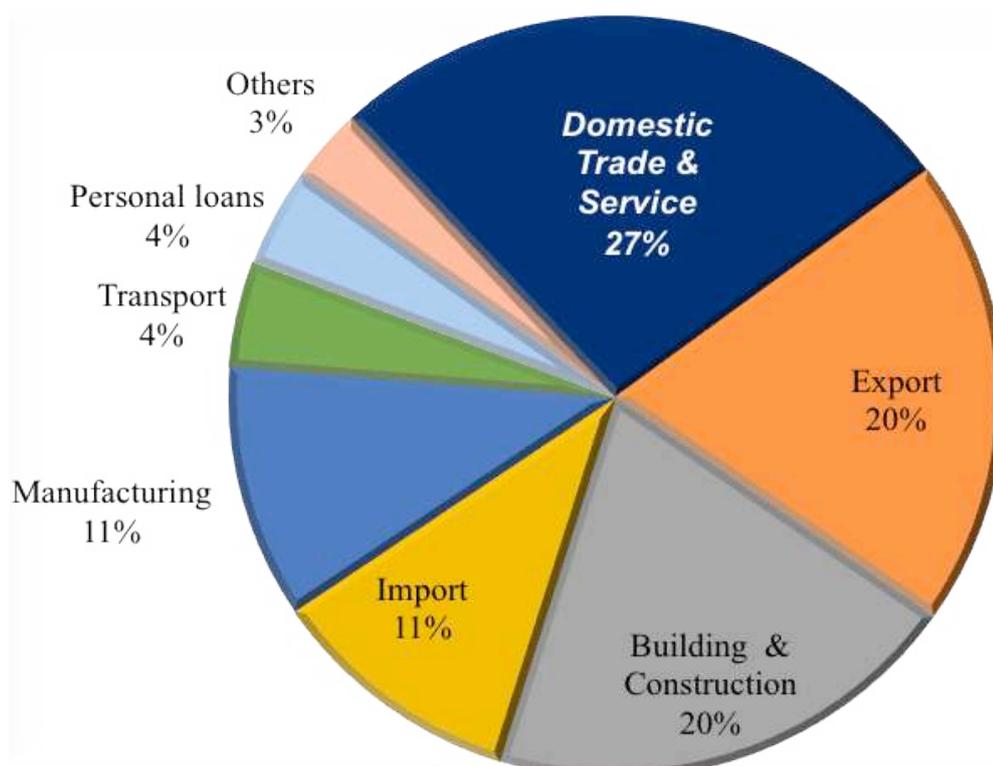


Figure 2: Sectoral Distribution of Loans and Advances as at June 30, 2019

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



Kiya Water Bottling Factory



ROBI Hotel (Adama)

### 1.3. International Banking Services

Awash Bank continues to play a key role in supporting the international trade activities of Ethiopia by providing diversified trade finance instruments to both exporters and importers that will facilitate their international payments and reduce the associated risks. For instance, the Bank's outstanding loans and advances to the export sector rose to over Birr 9 billion in 2018/19 from Birr 4 billion in 2016/17. This, of course, indicates the Bank's effort to enhance the scarce foreign exchange earning capacity of the country through financing the export sector.

Another effort made by the Bank to encourage the inflow of foreign currency to the country during the period under review was enabling foreigners transact their purchases conveniently using their VISA card, Master Card and China Union Pay Card.

As a mechanism of boosting inward remittances through international money transfer agents and bank to bank transfers, namely Awash Bank Swift (AWINETAA), the Bank continued to roll-out the incentive mechanism that award winners with the prize through the lottery system. In this regard, the Bank has colorfully awarded the 5<sup>th</sup> and 6<sup>th</sup> round lottery winners in 2018/19. In the review period, the Bank has also formed strategic alliance with different organizations such as international NGOs and FDIs.

Overall, the attempt of the Bank to enhance its foreign exchange earnings through different mechanisms had culminated in a record high earnings of foreign currency by the Bank in 2018/19.

# LOTTERY WINNERS

Congratulations



Partial View of 5<sup>th</sup> Round Lottery Award Ceremony

Partial View of 6<sup>th</sup> Round Lottery Award Ceremony

## 1.4 Total Assets

During the period under review, the asset size of the Bank expanded markedly paving the way for future growth and expansion. The total asset of the Bank reached Birr 74.6 billion by the end of June 30, 2019, up by Birr 19.4 billion (35 percent) against the same period of last year. The exhibited surge in the asset size of the Bank was mainly attributable to a significant growth in loans and advances to customers, which rose from Birr 31 billion a year ago to Birr 47 billion as at end of June 2019.

The strong growth in the asset position of the Bank was mainly funded by deposits from customers, which accounted for about 80 percent of the total assets.

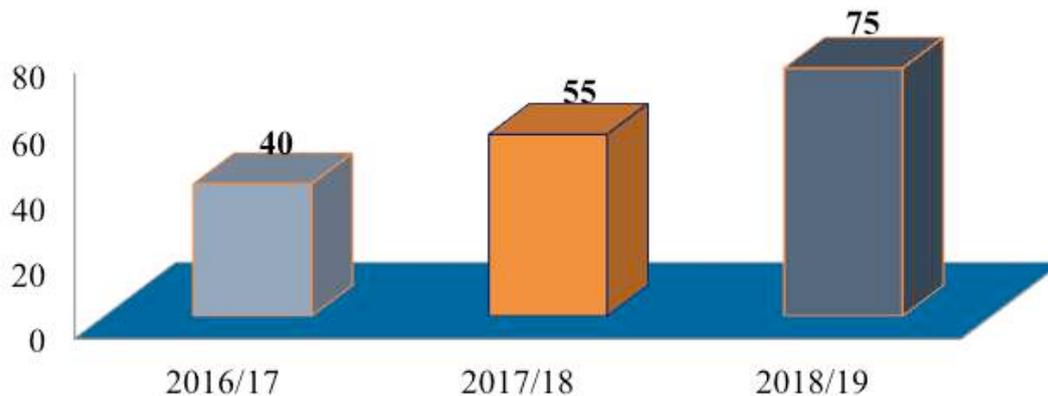


Figure 3: Trends in Total Assets (In Billions of Birr)

## 1.5 Capital

Financial Year 2018/19 witnessed substantial growth in paid-up capital of the Bank (a growth of Birr 1.4 billion in a single year), mirroring the determination of the Shareholders of Awash Bank to abide by their decision of raising the paid-up capital of the Bank to Birr six billion by the end of June 2021. As a result, the total paid-up capital of the Bank rose to Birr 4.4 billion as at June 30, 2019 from Birr 2.9 billion a year ago. The total capital of the Bank also grew to Birr 9.6 billion in 2018/19 from Birr 6.5 billion in 2017/18.

The overall capital level of Awash Bank, as measured by capital adequacy ratio is above the minimum requirement stipulated by the National Bank of Ethiopia. Nevertheless, in line with the strategic aspirations of the Bank to become one of the top ten banks in East Africa by 2025 and the growth initiatives of the Bank (including building a new Head Quarter complex), the Bank needs to boost its capital level through a combination of fresh equity injections and the reinvestments of profits.

## 2. FINANCIAL PERFORMANCE

During the period under review, Awash Bank has posted strong financial results that positioned it to continue to hold its leading position among private banks operating in Ethiopia not only in terms of deposits, loans and advances and asset positions but also in terms of other financial performances.

### 2.1. Income

During financial year 2018/19, Awash Bank generated a total income of Birr 8.1 billion from Birr 5.4 billion a year earlier, depicting a growth of over Birr 2.6 billion (49 percent), driven by strong improvements in all components of income. Interest income rose by 42 percent and stood at Birr 5.9 billion, reflecting the surge in loans and advances. Similarly, income from fees and commissions grew by 62 percent and reached Birr 1.3 billion, largely associated with fees derived from trade services operations.

The Bank's revenue structure seems to remain steady as interest income continued to account for the largest share of total income (74 percent), followed by fees and commission income (17 percent) and other operating income (9 percent).

Table 3: Components of Income

(In Millions of Birr)

Descriptions	Financial Year			Percentage Change	
	2016/17	2017/18	2018/19	B/A	C/B
	A	B	C		
Interest Income	2,794	4,202	5,977	50	42
Fees & Commission Income	614	830	1,346	35	62
Other Operating Income	349	376	733	8	95
<b>Total Income</b>	<b>3,757</b>	<b>5,408</b>	<b>8,056</b>	<b>44</b>	<b>49</b>

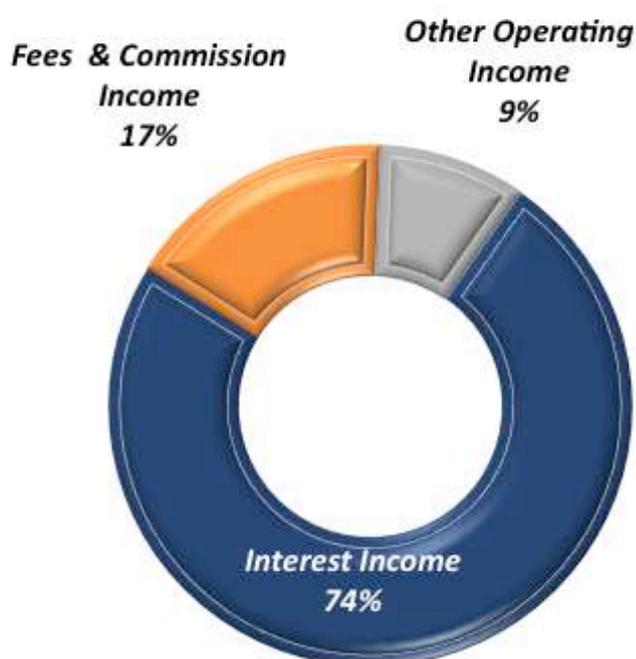


Figure 4: Income Compositions as at June 30, 2019

## 2.2. Expenses

The total expense of the Bank rose to Birr 4.7 billion by the end of June 2019, depicting a growth of Birr 1.3 billion (37 percent) compared with the corresponding period of last year, primarily influenced by a surge in interest bearing deposits and staff expenses.

Interest expense increased by 42 percent and reached Birr 2.1 billion during the review period, mirroring a 35 percent and 25 percent growth in interest bearing deposits, namely saving and time deposits, respectively. Similarly, personnel expenses increased by 32 percent and stood at Birr 1.6 billion, owing to the recruitment of

additional qualified personnel and salary and benefit increments. Other operating expenses of the Bank also grew by 23 percent and reached Birr 671 million, partly reflecting the increase in the operational volume of the Bank and the general rise in the price of goods and services.

The expense structure of the Bank continued to be dominated by interest expense, which accounted for 45 percent of total expenses, followed by personnel expense (35 percent), and other operating expense (14 percent), while depreciation & amortization as well as impairment charge on loans and other assets altogether accounted for the remaining balance of 6 percent.

Table 4: Composition of Expenses

(In Millions of Birr)

Descriptions	Financial Year			Percentage Change	
	2016/17	2017/18	2018/19	B/A	C/B
	A	B	C		
Interest Expense	914	1,479	2,108	62	42
Personnel Expense	897	1,234	1,633	38	32
Impairment Charge on Loans and Other Assets	118	10	93	(92)	833
Depreciation & Amortization	156	174	207	12	19
Other Operating Expense	359	545	671	52	23
<b>Total Expense</b>	<b>2,444</b>	<b>3,443</b>	<b>4,712</b>	<b>41</b>	<b>37</b>

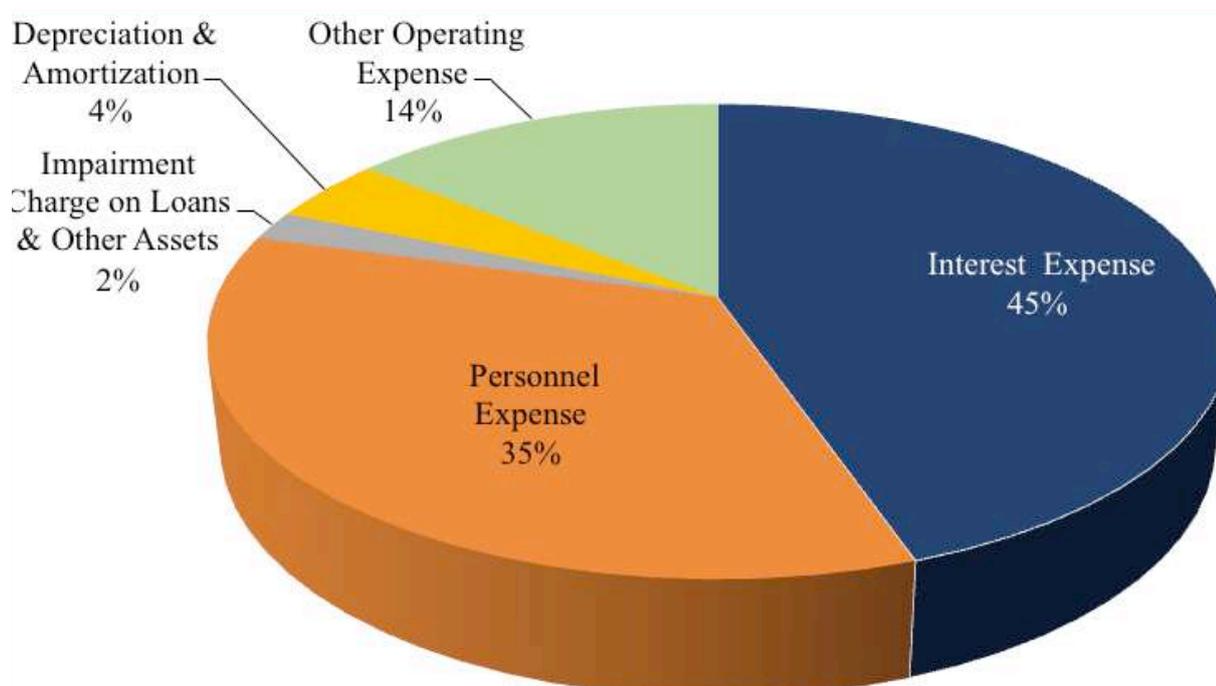


Figure 5: Components of Expense as at June 30, 2019

### 2.3. Profit

Awash Bank continued to register a sustained high profit growth trajectory during FY 2018/19, driven by substantial growth in lending business, commission and fee related services and efficient cost management. The Bank delivered a profit before tax of Birr 3.3 billion during FY 2018/19, up by Birr 1.4 billion (70 percent) as compared with the same period of last year. Both the amount and the growth rate of profit registered by Awash Bank was unprecedented in the history of private banks in Ethiopia.

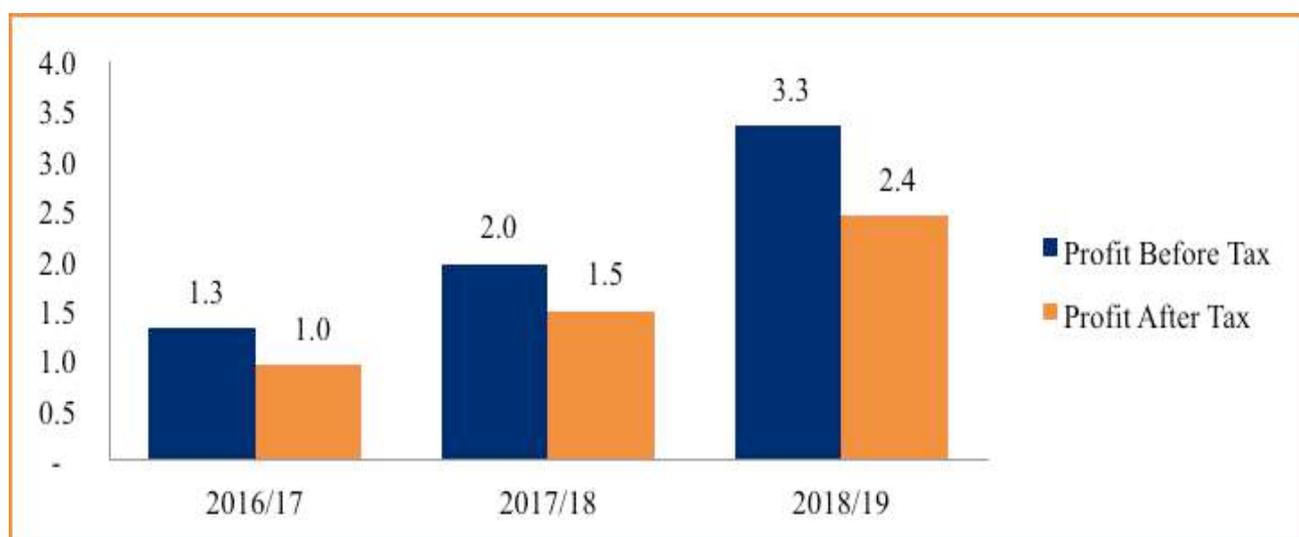
The substantial growth of profit has partially offset the growth in paid up capital of the Bank during FY 2018/19 and resulted in an increase in earnings per share from 543 in 2017/18 to 632 in 2018/19 for a Par value of Birr 1000.

Table 5: Profit Before and After Tax Trends

(In Millions of Birr)

Descriptions	Financial Year			Percentage Change	
	2016/17	2017/18	2018/19	B/A	C/B
	A	B	C		
Profit Before Tax	1,314	1,964	3,344	49	70
Profit After Tax	951	1,492	2,433	57	63

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



## 2.4. Proposal on Dividend Payout

The Board of Directors of Awash Bank recommends that out of the total appropriable profit of Birr 2,432,829,000 (Two billion four hundred thirty two million eight hundred twenty nine thousand), and after considering deductions in legal reserve and other allowances, Birr 89,842,138 (Eighty nine million eight hundred forty two thousand one hundred thirty eight) be retained and a dividend of Birr 1,707,000,613 (One billion seven hundred seven million six hundred thirteen) be paid to shareholders in cash or used for purchasing the Bank's shares, depending upon the choice of each shareholder.

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

#### 3.1. Progress in Vision 2025 Strategy Implementation

Financial Year 2018/19 marks the 3<sup>rd</sup> year of the implementation of the ten year strategic road map of the Bank, with the grand vision of becoming "One of the Top Ten Private Banks in East Africa by the end of 2025". In view of attaining the grand vision of the Bank, various activities were executed during FY 2018/19, of which the following are worth mentioning.

- ☞ Expanded the customer base of the Bank
- ☞ Developed and rolled out new products and services tailored to different segments of customers,
- ☞ Worked towards completion of various IT related projects, such as Enterprise Service Bus, Contact Center and Customer Relationship Management,
- ☞ Automated the manual processes of the functions of various Head Office organs,
- ☞ Opened new branches with the new interior design and rebranded some existing ones with the new interior design,
- ☞ Crafted /amended various policies and procedures that will support the execution of the strategy.

#### 3.2 Human Resource Development

By the end of June 30, 2019, the total workforce of Awash Bank has reached 9,046 employees. In view of attracting and retaining committed people with the right skills and capabilities, Awash Bank has recruited 1,425 new employees during FY 2018/19. The new recruits are expected to be motivated, enabled and have the ability to provide excellent customer services, enhance the performance of the Bank and deliver on the Bank's strategy.

Awash Bank has offered training opportunities to 7,365 employees including overseas training and exposure visits abroad. The Bank provides the staff with targeted, role-based specific trainings, complemented with general and on-the-job trainings. Moreover, the Bank made financial assistance to 736 employees pursuing their higher education at different universities and colleges during FY 2018/19. All in all, the Bank has spent over Birr 39 million for the capacity development of its employees during FY 2018/19.



Board Chairman and Management members with Management Trainee Graduates



Board of Directors & Mgt. members Training on IFB

### 3.3. Service Delivery Channels

During the period under review, Awash Bank continued to assess the needs of its customers and responded accordingly by offering uninterrupted, seamless and personalized experience throughout all service delivery channels. In view of becoming closer to its customers, Awash Bank has opened 44 new branches, expanding its total branch networks

to 410 as at end of June 2019. In addition to the conventional touch points, Awash Bank continued to offer technology enabled services such as ATMs, POS terminals, Agency banking and mobile and internet banking services that enable customers to conduct banking transactions in a faster and simpler ways at any time of the day and anywhere.

#### List of Newly Opened Branches during the Financial Year 2018/19

1.	Akaki Gebeya	16.	Gombora	31.	Lege Oda
2.	Areka	17.	Gomma	32.	Leman
3.	Bati	18.	Goro Beshale	33.	Limu Genet
4.	Bensa Daye	19.	Gullele Pawulos	34.	Mambuk
5.	Boditi	20.	Harbu Gudo	35.	Masha
6.	Bole Michael Adebabay	21.	Harer Hundene	36.	Meda Agame
7.	Burka Jato	22.	Haro Welabu	37.	Meda Welabu
8.	Cameron Embassy	23.	Hayat Arabsa	38.	Mekaneselam
9.	Chefe Donsa	24.	Hayat Tafo	39.	Melka Gefersa
10.	Chora	25.	Jima Abajifar	40.	Mersa
11.	Este	26.	Jiren	41.	Oddo Liban
12.	Fasiledes	27.	Karl Adebabay	42.	Shewa Robit
13.	Gefersa Guje	28.	Kolfe Atena Tera	43.	Summit 72
14.	Gobessa	29.	Kolfe Lukanda Tera	44.	Tona
15.	Gola Michael	30.	Kotebe 02		

### 3.4. Information Technology

Awash Bank always strives to provide maximum value to its customers and stakeholders through the adoption and use of the state-of-the-art technology. In this regard, Awash Bank has initiated and implemented various IT related projects during FY 2018/19.

In order to enhance business partnership with different stakeholders and third-party companies, the Bank has implemented an integration platform generally known as Enterprise Service Bus (ESB) that enables the core to securely integrate with different internal and external systems and applications.

During the year under review, the Bank has also enhanced its online banking channel to reach its broad customer incorporating products and services that enable customers to pay their bills

including School Fees, DSTV, Airline Tickets, Telecom Bills like Airtime Top-up, EVDO/3G/4G, wifi and Landline Bill payments.

The Bank has also implemented Customer Relationship Management (CRM) which is an automated tool assisting the Bank to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving customer experience, customer service relationships and assisting in customer retention and driving sales growth. The tool will also help the Bank in marketing automation, sales planning, customer service management and social media interaction.

Contact center project is also another major ongoing initiative undertaken by the Bank. As an Omni-channel customer support solution using

## Prosper with the Leading Private Bank!

voice, social media, email, chat, and website channels, contact center agents are able to interact with customers via any of the channels (web chat, phone, email or other communication channels) to address customer enquiry.

The review period also witnessed upgrading of the Core Banking System that will address the current pain points of the Bank, enable an integrated Islamic Banking solution without having a separate system and infrastructure deployment and ensure Awash Bank's compliance to the requirements of, among others, IFRS, Interbank Domestic Fund transfer and Multi Signature Authorization for online banking customers.

As per compliance requirements of the SWIFT 2018, all Banks using SWIFT-Integrated Trade Finance Solutions are mandatorily required to comply with new functionalities of SWIFT 2018 requirements. To comply with this industry standards, Awash Bank has also separately upgraded its Trade Finance Solutions to the latest available version. Moreover, the Bank during the period under review has also enhanced its Shareholders Voting System and Share Management System and many other homegrown solutions to cater to the needs of various internal organs of the Bank.



Contractual Agreement between Awash Bank & Trans Business Machines LTD (TBM) for the Supply and Implementation of IBM Power servers, Storage Systems and related Services (Upgrading the existing IT Infrastructure)

### 3.5 Construction of Own Buildings

Concerning the construction of own buildings, FY 2018/19 witnessed the completion of the construction of a B+ G+6 building in Jimma town and the completion of finishing works of the premises bought on four condominium buildings last year at Bole Arabsa, Kilinto, Tulu Dimtu and Yeka Abado sites for branch offices. On the other hand, the construction of Bulbula building is awarded to the contractor while the construction of the envisaged Bale Robe building (B+G+4) is under bid process.



Contractual agreement made between Awash Bank & RAMA Construction for Construction of Bole Bulbula Bldg.



Awash Bank Jimma Bldg.

## 4 Corporate Social Responsibility

Corporate Social Responsibility (CSR) lies at the heart of Awash Bank's activities since its establishment 25 years ago. Awash Bank has been progressively engaged in CSR activities aiming at changing the socio-economic situation of the communities/societies/ in which it operates. Accordingly, Awash Bank has donated over Birr 77 million during FY 2018/19 to governmental and non-governmental organizations in pursuit of improving the education, health, environmental and wellbeing of the disadvantaged strata of the society.



A Charity Association for the Destitute & Abandoned People



Gergesenon Yeaymro Hemuman Merjia Mahiber



Hundee Oromo Grassroots Development Initiative



Stop Dying with Renal Failure Patients Association



Society for Forest Landscape Restoration & Conservation



Kids Care Children's Welfare Association

**Prosper with the Leading Private Bank!**



Exercise Book & Pen Donation to Addis Ababa City Administration



Seedling Plantation at Entoto in relation to 25<sup>th</sup> Anniversary of the Bank

## 5. IFB SHARIAH ADVISORY COMMITTEE'S REPORT FOR FINANCIAL YEAR 2018/19

"In the name of Allah, the most Compassionate, the most Merciful"

To the Bank's Board of Directors and all stakeholders

In compliance with the duties & responsibilities vested on us in the Bank's Shariah Advisory committee Charter and letter of appointment thereafter, we are required to ensure that Awash Bank's Interest Free Banking (IFB) operations are in compliance with the Islamic Shariah principles as well **as those required by NBE Directive SBB/72/2019, Art 2.2, with this regard.**

It has been our regular duties and responsibilities to conduct periodic review of products and services to make sure that IFB operational activities and transactions within the Bank and its IFB policies and procedures issued henceforth are in compliance with Shariah principles and requirements. To this end, we are required to issue and submit this report, which complies with the international best practices, to be published on its 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 338 branches.

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

- ☞ Wadiah saving and Labbaik - Wadiah savings accounts
- ☞ Wadiah current account (Amanah)
- ☞ Unrestricted Mudarabah Investment accounts
- ☞ Murabaha Financing scheme, (Cost + Mark-up),
- ☞ Interest-Free Export Financing scheme (Qard) = Free Loans;
- ☞ Loan for Overseas Employment Agencies (Qard) = Free Loans;
- ☞ IFB Trade Services, (Murabaha, Musharakah and Wakalah L/C)
- ☞ IFB Bank Guarantees (Kafalah).
- ☞ Hawalah (Hiwalah), etc. services parallel with the conventional banking one.

We have reviewed the products listed above with their respective expected shariah principles, the relevant contracts, transactions and IFB core banking introduced by Awash Bank during the year ended 30 June 2019. 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 2019 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;

## Prosper with the Leading Private Bank!

3. The profits generated by the Bank, from Murabaha and other services like Kafalah, are shariah-compliant and there are no earnings that have been realized from sources prohibited by the Shariah principles and thus no fund is expected to be disposed to charitable causes from the Bank itself. However, ETB 10,620.97, collected from defaulted customers in the form of penalty must be given to Charity.
4. Awash Bank during the year ended 30 June 2019 is not required to pay zakat because its shareholders include non-Muslims.

Thank You!

On behalf of the Shariah Advisory Committee

Chairman of the Shariah Advisory Committee  
Sultan Aman Eba



D/Chairman of Shariah Advisory Committee    Ustaz  
Dr. Mohammedhakim Ahmed



Addis Ababa, Ethiopia, 10 July 2019.

**ANNUAL  
REPORT**  
2018/19



አዋሽ ባንክ  
**AwashBank**  
Nurturing Like the River

**AUDITORS'  
REPORT**

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

## Contents

---

Independent auditor's report	33-36
Directors, professional advisers and registered office	37
Report of the management	38
Statement of directors' responsibilities	39
Statement of profit or loss and other comprehensive income	40
Statement of financial position	41
Statement of changes in equity	42
Statement of cash flows	43
Notes to the financial statements	44-128



በኢትዮጵያ ፌዴራላዊ ዲሞክራሲያዊ ሪፐብሊክ  
የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን

The Federal Democratic Republic of Ethiopia  
Audit Services Corporation

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

Report on the Audit of the Financial Statements

*Opinion*

We have audited the financial statements of Awash International Bank Share Company (the Bank), which comprise the statement of financial position as at 30 June 2019, 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 2019 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.

**A. Adoption of IFRS 9**

The Bank adopted *IFRS 9 Financial Instruments* with effect from 1 July 2018 and this new standard supersedes the requirements of *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 addresses the recognition, measurement, classification and de-recognition of financial assets and financial liabilities and introduces new impairment model for financial assets. Management has determined that the most significant impact of this new standard is to increase the impairment losses recognized on financial assets as well as the additional disclosures related to the standard.

asc

☎ 251-011-5515222  
251-011-5535012  
251-011-5535015  
251-011-5535016

Fax 251-011-5513083

E-mail: ASC@ethionet.com

☎ 5720



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

**Key Audit Matters (continued)**

The significant accounting policies relevant to financial assets and financial liabilities and the impact of the adoption of the new standard are disclosed in note 2.6 and 37 respectively.

We considered this as key audit matter due to the fact that the new standard brings fundamental changes to the accounting for financial assets and financial liabilities and that judgments and estimates are involved in the application of the new impairment model for financial assets.

Our audit procedures to address this key audit matter included verifying management's assessment of the impact of the new accounting standard on the Bank's financial statements; obtaining an understanding of the model used by management to calculate the expected credit loss and verifying the model against the requirements of IFRS 9; assessing the appropriateness of the judgments and estimates made by management based on our understanding of the Bank's business and its operations and our knowledge of IFRS 9; testing 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 evaluating the adequacy and appropriateness of the disclosures included in note 2.6 and 37. Our testing did not identify significant errors in the process of adopting this new standard.

**B. Loans and advances**

There are risks that loans and advances may be given without proper managerial approval; may not be accurately recorded; do not exist; may not be recorded at appropriate values; and all bad and doubtful balances may not have been provided for or written off. In our response to these risks, we assessed the reasonableness of the design of the system of internal control by enquiring of relevant Bank personnel and reviewing the documented system developed by the Bank. We tested this system in order to confirm our understanding of it. We identified the preventive and detective controls. We checked a sample of selected transactions covering the whole year to see that all controls were exercised on all transactions. For a sample of disbursements made during the year, we checked the approval by the appropriate level of management and checked that all formalities necessary before disbursement of loans and advances had been fulfilled. We test checked loan agreements and legal documents to verify the terms and conditions of the loans and advances. We obtained an analysis of loans and verified that they had been classified in correct categories and we considered the value of collateral available against each loan for calculating the provision for doubtful loans and advances. Our testing did not identify major weaknesses in the design and operation of controls that would have required us to expand the nature or scope of our planned detailed test work. Overall, we found no concerns in respect to the completion of formalities or the recording of loans and advances at appropriate values.

asc



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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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)

- 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.

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

**Report on Other Legal and Regulatory Requirements**

**Report on Other Legal Requirements**

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

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

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

*Audit Services Corporation*

Audit Services Corporation  
Auditors of

Awash International Bank Share Company

Addis Ababa  
18 November 2019



# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

#### Directors, Professional Advisers and Registered Office

#### Company trade license number

LBB/001/91

Directors (as of June 30, 2019)

Tabor Wami Jillo

Antonio Carnevale Vincenzo(Eng.)

Abaynesh Bekele Wakjira

Alemu Tita Biidu

Daniel Tewodros Limeneh

Dibaba Abdeta Dirbaba (Dr.)

Ephrem Tesfaye Woldeyohannes

Eshetu Aredo Wakjira

Getachew Olana Jabana

Girma Guluma Wayessa (Eng.)

Gudissa Legesse Diro

#### Executive Management (as of June 30, 2019)

Tsehay Shiferaw Ensermu

Abebe Deressa Dinssa

Henock Tessema Tadesse

Tadesse Gemeda Denta

Tilahun Geleta Neguma

Yohannes Merga Gudina

Dessaiegn Tolera Jaleta

Teklu Wodajo Tomma

Abdella Adem Sekeko

Beyene Dekeba Obolo

Berhanu Balcha Wordofa

Dereje Getachew Kelemu

Ebissa Deribe Cheru

Ephrem Bogale Shiferaw

Gacho Wara Abiyu

Hailu Meskela Gudeta

Hailu Woldegebriel Teklemariam

Kefyalew Shiferaw Demissie

Lemessa Soboka Megerssa

Netsanet Woldekidan K/Mariam

Nurfeta Legesse Kejella

Soressa Alemu Mosissa

Tegene Tesfaye Gebretsadik

Takele Arega Mammo

Temesgen Busha Gemechu

Temesgen Workineh Sodu

Wondimagegnehu Berhanu Gemechu

Yonas Kumera Lemu

Yordanos Mekonnen Biru

Zebene Kaba Deresa

#### Independent auditors

The Federal Democratic Republic of Ethiopia

Audit Services Corporation

Addis Ababa

Ethiopia

#### Corporate office

Awash Tower

Ras Abebe Aregay Street

P.O. Box 12638

Addis Ababa, Ethiopia

Chairman

(Appointed Jan 2, 2017)

Vice Chairman

(Appointed Jan 2, 2017)

Non-Executive Director

(Appointed Jan 2, 2017)

Non-Executive Director

(Appointed Nov 25, 2017)

Non-Executive Director

(Appointed Jan 2, 2017)

Chief Executive Officer

(Appointed July 1, 2016)

Executive Officer

(Appointed Oct 1, 2016)

Executive Officer

(Appointed July 1, 2016)

Executive Officer

(Appointed July 1, 2016)

Executive Officer

(Appointed July 1, 2017)

Executive Officer

(Appointed July 1, 2016)

Executive Officer

(Appointed July 1, 2016)

Executive Officer

(Appointed July 1, 2016)

Director

(Appointed February 11, 2019)

Director

(Appointed July 1, 2016)

Director

(Appointed July 1, 2016)

Director

(Appointed July 1, 2016)

Director

(Appointed March 15, 2018)

Director

(Appointed July 1, 2016)

Director

(Appointed August 21, 2017)

Director

(Appointed July 1, 2016)

Executive Assistant to the CEO

(Appointed July 1, 2016)

Director

(Appointed February 1, 2019)

Director

(Appointed July 1, 2016)

Director

(Appointed July 1, 2016)

Director

(Appointed December 18, 2018)

Director

(Appointed September 5, 2018)

Director

(Appointed February 21, 2019)

Director

(Appointed July 1, 2016)

Board Secretary

(Appointed July 1, 2016)

Director

(Appointed July 1, 2016)

Director

(Appointed July 1, 2017)

**Awash International Bank S.C.  
Financial Statements  
For the year ended 30 June 2019  
Report of the Management**



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

**Incorporation and address**

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

Awash Bank was established by 486 founding shareholders with a paid-up capital of ETB 24.2 million and started banking operations on February 13, 1995. As of 30 June 2019, the number of shareholders and its paid-up capital increased to over 4,364 and ETB 4.385 billion respectively.

**Principal activities**

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

**Results and dividends**

The Bank's results for the period ended 30 June 2019 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 2019 ETB'000	30 June 2018 ETB'000
Interest income	5,977,046	4,201,567
Profit / (loss) before tax	3,344,451	1,964,136
Tax (charge) / credit	(911,622)	(471,711)
Profit / (loss) for the year	2,432,829	1,492,425
Other comprehensive income / (loss) net of taxes	23,486	(4,306)
<b>Total comprehensive income / (loss) for the year</b>	<b>2,456,315</b>	<b>1,488,120</b>

  
  
**Tsehay Shiferaw Ensermu**  
 Chief Executive Officer  
 Addis Ababa, Ethiopia

**Awash International Bank S.C.  
Financial Statements  
For the year ended 30 June 2019  
Statement of Directors' Responsibilities**



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

The Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank is required to keep such records as are necessary to:

- a) Exhibit clearly and correctly the state of its affairs;
- b) Explain its transactions and financial position; and
- c) Enable the National Bank to determine whether the Bank had complied with the provisions of the Banking Business Proclamation and regulations and directives issued for the implementation of the aforementioned Proclamation.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

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

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

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

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

Signed on behalf of the Board of Directors by:

  
Tabor Wami Shikre  
Board Chairman  
18 November 2019

  
  
Tsehay Shiferaw Ensermu  
Chief Executive Officer  
18 November 2019

## Awash International Bank S.C.

### Financial Statements

For the year ended 30 June 2019

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

	Notes	30 June 2019 ETB'000	30 June 2018 ETB'000
Interest income	5	5,977,046	4,201,567
Interest expense	6	(2,107,724)	(1,479,146)
<b>Net interest income</b>		<b>3,869,322</b>	<b>2,722,421</b>
Fees and commission income	7	1,346,452	829,947
Other operating income	8	731,955	373,169
<b>Total operating income</b>		<b>5,947,729</b>	<b>3,925,537</b>
Loss Allowances on Financial Assets	9, 10 & 11	(93,303)	(10,133)
<b>Net operating income</b>		<b>5,854,426</b>	<b>3,915,404</b>
Share of profit from associate	18	683	3,056
Personnel expenses	12	(1,632,596)	(1,234,427)
Amortisation of intangible assets	20	(29,439)	(30,482)
Depreciation and impairment of property and equipment	21	(177,882)	(143,986)
Other operating expenses	13	(670,741)	(545,429)
<b>Profit before tax</b>		<b>3,344,451</b>	<b>1,964,136</b>
Taxation	14	(911,622)	(471,711)
<b>Profit after tax</b>		<b>2,432,829</b>	<b>1,492,425</b>
<b>Other comprehensive income (OCI) net of income tax</b>			
<i>Items that will not be subsequently reclassified into profit or loss:</i>			
Remeasurement gain/(loss) on retirement benefits obligations	24	(3,658)	(6,151)
Fair value through other comprehensive income financial assets (2018-AFS) : - Unrealized gain arising from measurement at fair value		26,047	-
Deferred tax (liability)/asset on remeasurement gain or loss	14	1,097	1,845
		23,486	(4,306)
<b>Total comprehensive income for the period</b>		<b>2,456,315</b>	<b>1,488,120</b>
<b>Basic &amp; diluted earnings per share (ETB)</b>	27	<b>632</b>	<b>543</b>

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

**Awash International Bank S.C.  
Financial Statements  
As At 30 June 2019  
Statement of Financial Position**



	Notes	30 June 2019 ETB'000	30 June 2018 ETB'000
<b>ASSETS</b>			
Cash and bank balances	15	11,370,601	11,632,312
Loans and advances to customers (Net)	16	46,855,080	31,049,058
Investment securities:			
- Financial assets at fair value through OCI (2018-AFS)	17	131,942	49,905
- Financial assets at amortized cost (2018-Loans and Receivables)	17	11,721,612	8,480,417
Investment in associates	18	43,506	42,824
Other assets	19	1,925,186	1,521,616
Intangible assets	20	40,081	68,679
Property and equipment	21	2,547,365	2,423,296
<b>Total assets</b>		<b>74,635,373</b>	<b>55,268,107</b>
<b>LIABILITIES</b>			
Deposits from customers	22	59,616,052	43,451,378
Other liabilities	23	4,370,209	4,597,688
Current tax liabilities	14	891,567	429,411
Retirement benefit obligations	24	21,794	14,969
Deferred tax liability	14	96,823	278,947
<b>Total liabilities</b>		<b>64,996,445</b>	<b>48,772,393</b>
<b>EQUITY</b>			
Share capital	25	4,384,696	2,943,546
Share premium	26	1,389	1,389
Retained earnings	28	2,633,811	1,625,752
Legal reserve	29	2,246,249	1,638,042
Risk regulatory reserve	30	317,162	291,656
Other reserve	31	55,621	(4,672)
<b>Total equity</b>		<b>9,638,928</b>	<b>6,495,714</b>
<b>Total equity and liabilities</b>		<b>74,635,373</b>	<b>55,268,107</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 18 November 2019 and were signed on its behalf by:

Tabor Wami Jillo  
Board Chairman



Tsehay Shiferaw Ensermu  
Chief Executive Officer

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

#### 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
<b>As at 1 July 2017</b>		2,645,330	1,389	1,359,774	1,264,935	152,975	-	(366)	5,424,037
Profit for the period	28			1,492,425			-	-	1,492,425
<i>Other comprehensive income:</i>									
Re-measurement gains on defined benefit plans (net of tax)	24	-	-	-	-	-	-	(4,306)	(4,306)
<b>Total comprehensive income for the period</b>		-	-	<b>2,852,199</b>	<b>1,264,935</b>	<b>152,975</b>	-	<b>(4,672)</b>	<b>6,912,157</b>
<b>Transactions with owners in their capacity as owners</b>									
Contributions of equity net of transaction costs		298,216	-	-	-	-	-	-	298,216
Dividends provided for or paid		-	-	(713,459)	-	-	-	-	(713,459)
Directors' allowance		-	-	(1,200)	-	-	-	-	(1,200)
Transfer to legal reserve	29	-	-	(373,107)	373,107	-	-	-	-
Transfer to Risk regulatory reserve	30	-	-	(138,681)	-	138,681	-	-	-
		<b>298,216</b>	-	<b>(1,226,447)</b>	<b>373,107</b>	<b>138,681</b>	-	-	<b>(416,443)</b>
<b>As at 30 June 2018</b>		<b>2,943,546</b>	<b>1,389</b>	<b>1,625,752</b>	<b>1,638,042</b>	<b>291,656</b>	-	<b>(4,672)</b>	<b>6,495,714</b>
<b>As at 1 July 2018</b>		<b>2,943,546</b>	<b>1,389</b>	<b>1,625,752</b>	<b>1,638,042</b>	<b>291,656</b>	-	<b>(4,672)</b>	<b>6,495,714</b>
Adjustment on initial application of IFRS 9, net of taxes		-	-	(1,016)	-	(55,559)	36,806	-	(19,769)
<b>Restated Balance as at 1 July 2018</b>		<b>2,943,546</b>	<b>1,389</b>	<b>1,624,736</b>	<b>1,638,042</b>	<b>236,097</b>	<b>36,806</b>	<b>(4,672)</b>	<b>6,475,945</b>
Opening Balance adjustment		-	-	194,669	-	-	-	-	194,669
Profit for the period	28	-	-	2,432,829	-	-	-	-	2,432,829
<i>Other comprehensive income:</i>									
Change in fair value of Fair value through other comprehensive income investments (2017-AFS) (net of tax)		-	-	-	-	-	26,047	-	26,047
Re-measurement gains on defined benefit plans (net of tax)	24	-	-	-	-	-	-	(2,560)	(2,560)
<b>Total comprehensive income for the period</b>		-	-	<b>4,252,234</b>	<b>1,638,042</b>	<b>236,097</b>	<b>62,853</b>	<b>(7,232)</b>	<b>9,126,929</b>
<b>Transactions with owners in their capacity as owners</b>									
Contributions of equity net of transaction costs (Proceeds from issue)		657,063	-	-	-	-	-	-	657,063
Dividends Capitalized		784,087	-	(784,087)	-	-	-	-	-
Dividends paid		-	-	(143,474)	-	-	-	-	(143,474)
Directors' allowance		-	-	(1,590)	-	-	-	-	(1,590)
Transfer to legal reserve	29	-	-	(608,207)	608,207	-	-	-	-
Transfer to Risk regulatory reserve	30	-	-	(81,065)	-	81,065	-	-	-
		<b>1,441,150</b>	-	<b>(1,618,423)</b>	<b>608,207</b>	<b>81,065</b>	-	-	<b>511,999</b>
<b>As at 30 June 2019</b>		<b>4,384,696</b>	<b>1,389</b>	<b>2,633,811</b>	<b>2,246,249</b>	<b>317,162</b>	<b>62,853</b>	<b>(7,232)</b>	<b>9,638,928</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 2019

#### Statement of Cash flows

	Notes	30 June 2019 ETB'000	30 June 2018 ETB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	2,074,714	6,461,267
Directors' allowance paid		(1,200)	(1,200)
Income tax paid	14	(429,923)	(347,068)
Retirement benefit paid	24	(560)	-
<b>Net cash (outflow)/inflow from operating activities</b>		<b>1,643,031</b>	<b>6,112,999</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities in NBE bills and bonds	17	(3,242,206)	(1,485,882)
Purchase of equity investment securities	17	(19,184)	(5,006)
Purchase of Intangible Assets	20	(841)	(2,544)
Purchase of property, plant and equipment	21	(301,846)	(531,827)
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>(3,564,077)</b>	<b>(2,025,259)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		657,063	298,216
Dividends paid		(143,474)	(713,457)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>513,589</b>	<b>(415,241)</b>
<b>Net increase/(decrease) in Cash and bank balances</b>		<b>(1,407,457)</b>	<b>3,672,499</b>
Cash and cash equivalents at the beginning of the year	15	9,432,312	5,535,196
Foreign exchange (losses)/ gains on cash and cash equivalents	8	446,697	224,617
<b>Cash and cash equivalents at the end of the year</b>	15	<b>8,471,552</b>	<b>9,432,312</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 2019

### Notes to the Financial Statement

---

#### 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 2019 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 4.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

#### Notes to the Financial Statements (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 initially adopted IFRS 9 from 1 July 2018, a number of other new standards are also effective from 1 July 2018. Due to the transition method chosen by the Bank in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

The effect of initially applying these standards is mainly attributed to the following:

- an increase in impairment losses recognised on financial assets (Note 37); and
- additional disclosures related to IFRS 9 (see Notes 2.6 and 37);

Except for the changes below, the Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements.

##### IFRS 9 Financial Instruments (2014)

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the Bank has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require separate presentation in the statement of profit or loss and OCI of interest revenue calculated using the effective interest method. Previously, the Bank disclosed this amount in the notes to the financial statements.

Additionally, the Bank has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019, but have not been applied to the comparative information.

The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in **Note 37**.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### *Transition from IAS 39 to IFRS 9*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except comparative periods which have generally not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 July 2018.

Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2019 under IFRS 9.

The Bank used the exemption not to restate comparative periods but considering that the amendments made by IFRS 9 to IAS 1 introduced the requirement to present ‘interest income calculated using the effective interest rate’ as a separate line item in the statement of profit or loss and OCI; the Bank changed the description of the line item from ‘interest income’ reported in 2018 to ‘interest income calculated using the effective interest method’.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application;

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of investments in equity instruments not held for trading as at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Bank has assumed that credit risk on the asset had not increased significantly since its initial recognition.

#### **IFRS 15 Revenue from Contracts with Customers**

The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Bank.

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue -Barter of Transactions Involving Advertising Services.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

The standard contains a single model that applies to contracts with customers and two approaches to recognise revenue: at a point in time or over time. The standard specifies how and when the bank will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures.

There was no material impact of application of IFRS 15 and no adjustment to retained earnings was required.

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

##### **IFRS 16 - Leases**

This standard was issued in January 2016 (effective 1 January 2019) . It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use of asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. It also substantially carries forward the lessor accounting requirements in IAS 17. The Bank is yet to assess the expected impact of this standard.

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

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

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

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

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

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

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

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

The amendments clarify that:

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

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

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

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

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

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

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### Other Standards

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

- Annual improvement cycle (2015 - 2017) - various standards
- Long-term Interests in Associates and Joint Ventures (Amendment to IAS 28)
- IFRS 3 Definition of a Business
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 17 Insurance Contracts

#### 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.

#### 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).

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### 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.

##### 2.5.1 Net interest income

###### *Policy applicable from 1 July 2018*

###### *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.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

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.

#### *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.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### **2.5.2 Interest and similar income and expense**

##### *Policy applicable before 1 July 2018*

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and 'Interest and similar expense' for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

#### **2.5.3 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.

#### **2.5.4 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.

#### **2.5.5 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 2019

### Notes to the Financial Statements (Continued)

---

#### 2.6 Financial assets and financial liabilities

##### 2.6.1 Policy applicable from 1 July 2018

###### 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.

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 2019

### Notes to the Financial Statements (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:

- 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).

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### 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.

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'.

22

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### *i) Measurement of ECL*

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

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

#### *ii) Restructured financial assets*

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

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

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

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

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

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.

#### *v) Write-off*

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

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

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

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

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

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

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

#### d. **Derecognition**

##### i) *Financial assets*

The Bank shall derecognise a financial asset when:

- The contractual right to the cash flows from the financial asset expires (see also (1.4)), or
- It transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

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

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

##### ii) *Financial liabilities*

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

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

##### i) *Financial assets*

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

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

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

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

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

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

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

##### ii) *Financial liabilities*

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

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

#### **f. Offsetting**

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

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

#### **g. Designation at fair value through profit or loss**

##### *i) Financial assets*

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

##### *ii) Financial liabilities*

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

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

#### **2.6.2 Policy applicable before 1 July 2018**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Financial assets**

##### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Bank commits to purchase or sell the asset.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### Subsequent measurement

For purposes of subsequent measurement, financial assets of the bank are classified into two categories:

- Loans and receivables
- Available- for-sale

#### a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income in statement of profit or loss. The losses arising from impairment are recognised in statement of profit or loss in loan impairment charge.

The Bank's loans and receivables comprise loans and advances to customers, NBE bills and Ethiopian government bonds .

#### b) *Available-for-sale (AFS) financial assets*

AFS investments include equity investments. Equity investments classified as AFS are those which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to statement of profit or loss in impairment loss on financial investment. Interest earned whilst holding AFS financial investments is reported as interest and similar income using the EIR method. Unquoted equity securities whose fair values cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

#### 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Other operating income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### **Reclassification of financial assets**

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Bank does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to statement of profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to statement of profit or loss.

The Bank may reclassify a non-derivative trading asset out of the 'held-for-trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

#### **Derecognition of financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Bank's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Bank has transferred substantially all the risks and rewards of the asset, or
  - (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### Impairment of financial assets

The Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### (i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as loans and receivables), the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'loan impairment charge'.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Bank.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### (ii) Available-for-sale (AFS) financial instruments

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

#### Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original Effective Interest rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash via Bank guarantees and real estate. The estimated value of collateral is generally assessed at cost, at a minimum, at inception and based on the Bank's reporting schedule.

#### Collateral Possession

An asset that had been possessed collateral represents financial and non-financial assets acquired by the Bank in settlement of overdue loans. The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be used for internal operations are initially recognised at the lower of their repossessed value or the carrying value of the original secured asset and included in the relevant assets depending on the nature and the Bank's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. Assets that are determined better to be sold are included under other assets at their fair value at the repossession date in line with the Bank's policy.

#### 2.6.3 Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Bank's financial liabilities include customers deposits, margins held on letter of credits, other liabilities and borrowings. Interest expenditure is recognised in interest and similar expense.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### Financial liabilities at amortised cost

Financial instruments issued by the Bank, that are not designated at fair value through profit or loss but are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

The Bank's financial liabilities carried at amortised cost comprise customer deposits, margins held on letter of credit, long term deposits and borrowings.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### **Derecognition of financial liabilities**

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

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

#### **2.6.4 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Bank has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Bank has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

#### **2.7 Islamic banking**

##### **2.7.1 Murabaha**

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

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

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

These products are carried at amortised cost less impairment.

##### **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 2019

### Notes to the Financial Statements (Continued)

---

#### 2.9 Property, plant and Equipment

Property, plant 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

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 2019

### Notes to the Financial Statements (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 their estimated useful lives of six years.

#### 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 2019

### Notes to the Financial Statements (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 2019

### Notes to the Financial Statements (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.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 2.14 Employee benefits

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

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

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (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.

#### **(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.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### 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

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an assets for an agreed period of time.

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

##### *Bank as a lessee*

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

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

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

#### **2.20 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 2019

### 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) *Operating 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 operating 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 2019

### Notes to the Financial Statements (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.

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 2019

### Notes to the Financial Statements (Continued)

---

**(c) Defined benefit plans**

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

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

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

**(e) Impairment of non-financial assets**

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

**(f) Income Taxes**

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

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### 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 2019

### Notes to the Financial Statements (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 (2018-AFS) and Financial assets at amortized cost (2018-Loans and Receivables) 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 substance.

The Bank's classification of its financial assets is summarised in the table below:

	Notes	Financial assets at fair value through OCI (2018-AFS) ETB'000	Financial assets at amortized cost (2018-Loans and Receivables) ETB'000	Total ETB'000
<b>30 June 2019</b>				
Cash and bank balances	15	-	11,370,601	11,370,601
Loans and advances to customers (Net)	16	-	46,855,080	46,855,080
Investment securities:				
- Financial assets at fair value through OCI (2018-AFS)	17	131,942	-	131,942
- Financial assets at amortized cost (2018-Loans and Receivables)	17	-	11,721,612	11,721,612
Other assets	19	-	915,736	915,736
<b>Total financial assets</b>		<b>131,942</b>	<b>70,863,029</b>	<b>70,994,971</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

30 June 2018	Notes	Financial assets at fair value through OCI (2018- AFS) ETB'000	Financial assets at amortized cost (2018- Loans and Receivables) ETB'000	Total ETB'000
Cash and bank balances	15	-	11,632,312	11,632,312
Loans and advances to customers (Net)	16	-	31,049,058	31,049,058
Investment securities:				
- Financial assets at fair value through OCI (2018-AFS)	17	49,905	-	49,905
- Financial assets at amortized cost (2018-Loans and Receivables)	17	-	8,480,417	8,480,417
Other assets	19	-	666,701	666,701
<b>Total financial assets</b>		<b>49,905</b>	<b>51,828,488</b>	<b>51,878,393</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.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

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

#### 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 2019 and 30 June 2018 is represented by the net carrying amounts in the statement of financial position.

	30 June 2019	30 June 2018
	ETB'000	ETB'000
Cash and bank balances	11,370,601	11,632,312
Loans and advances to customers (Net)	46,855,080	31,049,058
Investment		
- Financial assets at fair value through OCI (2018-AFS)	131,942	49,905
- Financial assets at amortized cost (2018-Loans and Receivables)	11,721,612	8,480,417
Other assets	915,736	666,701
	<b>70,994,971</b>	<b>51,878,393</b>
Credit risk exposures relating to off balance sheet items are as follows:		
Loan commitments	2,244,004	2,510,878
Guarantees	1,342,696	960,227
Letters of credit	4,282,921	2,867,289
	<b>7,869,621</b>	<b>6,338,394</b>
<b>Total maximum exposure</b>	<b>78,864,592</b>	<b>58,216,787</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 2019	30 June 2018
	ETB'000	ETB'000
Acquired Properties	31,982	40,280
	<b>31,982</b>	<b>40,280</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 2019

### Notes to the Financial Statements (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 2019	30 June 2018
	ETB'000	ETB'000
Domestic trade and services	12,640,452	8,301,432
Export	9,356,944	7,095,734
Building and construction	9,485,443	5,561,160
Import	5,045,462	3,362,090
Manufacturing	5,087,440	3,336,740
Transport	2,116,646	1,902,971
Personal loans	1,950,602	476,645
Merchandise	81,723	131,894
Agriculture	116,358	121,529
Staff loans and advances	1,120,418	1,012,126
Murahabah Financing-Domestic Trade	65,474	850
Murahabah Financing-Agriculture	6,220	-
Murahabah Financing-Building and construction	28,676	-
Murahabah Financing-Import	10,846	-
Murahabah Financing-Manufacturing	4,261	-
Export (Qard) Financing_IFB	74,658	-
Overseas Emp. Agencies Qard_IFB	69,793	-
Murahabah Financing-Transport	656	1,050
	<b>47,262,072</b>	<b>31,304,221</b>

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

	30 June 2019	30 June 2018
	ETB'000	ETB'000
Pass	45,418,757	29,577,889
Special mention	1,214,910	1,143,453
Substandard	209,119	240,417
Doubtful	312,291	99,940
Loss	106,995	242,522
	<b>47,262,072</b>	<b>31,304,221</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 2019

### Notes to the Financial Statements (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 2019 and 30 June 2018 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 2019	30 June 2018
	ETB'000	ETB'000
A	13,216	33,482
A-	-	-
A+	2,349,381	5,644,315
AA	-	-
AA-	29,643	95,441
BBB+	746,431	302,832
Not rated	8,232,881	5,556,242
	<b>11,371,552</b>	<b>11,632,312</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 2019

### Notes to the Financial Statements (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, FVOCI debt investments (2019) and available-for-sale debt assets (2018). 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 2.2.2. (b)

In Birr'000	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
<b>Loans and advances to customers at amortised cost</b>					
Stage 1 - Pass	45,418,757			45,418,757	29,577,889
Stage 2 - Special mention		1,214,910		1,214,910	1,143,453
Stage 3 - Non performing			628,405	628,405	582,879
<b>Total gross exposure</b>	<b>45,418,757</b>	<b>1,214,910</b>	<b>628,405</b>	<b>47,262,072</b>	<b>31,304,221</b>
Loss allowance	(189,177)	(26,550)	(191,265)	(406,992)	(255,163)
<b>Net carrying amount</b>	<b>45,229,580</b>	<b>1,188,360</b>	<b>437,140</b>	<b>46,855,080</b>	<b>31,049,058</b>

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

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

In Birr'000	2018			
		Gross exposure	Loss allowance	Net carrying amount
<b>Other financial assets (debt instruments)</b>				
Cash and balances with banks		11,632,312	-	11,632,312
Investment securities (debt instrumen		8,480,417	-	8,480,417
Other receivables and financial		682,414	(15,713)	666,701
<b>Total</b>		<b>20,795,143</b>	<b>(15,713)</b>	<b>20,779,430</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 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.

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

The Bank holds collateral against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

	Real estate	Machinery and equipment	Motor vehicles	Shares	Others	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
30 June 2019						
Domestic trade and services	23,378,497	215,973.00	1,274,708	207,312	372,637	25,449,127
Export	3,663,688	121,584	501,321	66,138	340,557	4,693,288
Building and construction	16,894,367	703,560	669,097	24,922	51,000	18,342,946
Import	8,948,978	36,908	258,403	35,502	302,768	9,582,559
Manufacturing	5,736,407	3,706,896	688,722	141,523	52,006	10,325,554
Transport	880,584	49,428	3,371,576	10,172	-	4,311,760
Personal loans	2,998,280	9,807	236,955	24,050	2,390	3,271,482
Merchandise	-	-	-	-	-	-
Agriculture	243,977	46,293	31,579	26,631	17012	365,492
Staff loans and advances	1,385,125	-	37,953	-	-	1,423,078
	<b>64,129,903</b>	<b>4,890,449</b>	<b>7,070,314</b>	<b>536,250</b>	<b>1,138,370</b>	<b>77,765,286</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

30 June 2018	Real estate	Machinery and equipment	Motor vehicles	Shares	Others	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Domestic trade and services	20,223,988	431,739	866,135	104,032	518,429	22,144,323
Export	1,985,905	84,666	446,142	7,811	778,378	3,302,902
Building and construction	13,004,792	831,315	429,975	14,570	54,197	14,334,849
Import	8,161,336	58,858	151,819	35,761	77,547	8,485,321
Manufacturing	6,409,664	3,154,288	279,758	128,003	52,485	10,024,198
Transport	1,019,507	129,709	3,776,514	9,130	-	4,934,860
Merchandise	974,565	9,094	67,033	24,571	-	1,075,263
Agriculture	12,563	518	2,428	-	205,249	220,758
Personal Loans	273,112	62,677	80,365	27,504	68,090	511,748
Staff loans and advances	1,321,601	-	52,547	-	-	1,374,148
	<b>53,387,033</b>	<b>4,762,864</b>	<b>6,152,716</b>	<b>351,382</b>	<b>1,754,375</b>	<b>66,408,370</b>

#### 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 2019, the net carrying amount of credit impaired loans and advances to customers amounted to ETB 505.024 million (2018: ETB 464.500 million) and the value of identifiable collateral held against those loans and advances amounted to ETB 957.627 million (2018: ETB 1,059.867 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 2019, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### 4.3.6 Amounts arising from ECL

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

See accounting policy in Note 2.6.1. (c)

##### *ii) Significant increase in credit risk*

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

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

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

##### *iii) Credit risk grades*

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

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

##### **a. Term loan exposures**

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

**b. Overdraft exposures**

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

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

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

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

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).

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

---

#### **vi) Definition of default**

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

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

□ the borrower is more than 90 days past due on any material credit obligation to the Bank.

Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or

it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

□ qualitative: e.g. breaches of covenant;

□ quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and

□ based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

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

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

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

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

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

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

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (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	INFLATION: Consumer price index, 2010 = 100, ave	EXCHANGE RATE: ETB/USD, ave	GDP EXPENDITURE: Exports of goods and services, USD per capita	DEBT: Government domestic debt, ETBbn	STRATIFICATION: Household Spending, ETBbn
Domestic Trade & Services and Transport	GDP: GDP per capita, USD	GDP EXPENDITURE: Imports of goods and services, USDbn	INFLATION: Consumer price index, 2010 = 100, eop	EXCHANGE RATE: ETB/USD, ave	FISCAL: Total revenue, USDbn
Building & Construction and Manufacturing	GDP EXPENDITURE: Exports of goods and services, USD per capita	FISCAL: Current expenditure, USDbn	DEBT: Government domestic debt, ETBbn	-	-
Export and Import	GDP EXPENDITURE: Exports of goods and services, ETBbn	GDP EXPENDITURE: Imports of goods and services, ETBbn	EXCHANGE RATE: Real effective exchange rate, index	GDP EXPENDITURE: Private final consumption, USDbn	DEBT: Total government debt, USDbn

The economic scenarios used as at 30 June 2019 included the following key indicators for Ethiopia for the years 2019 to 2021

Macro-economic factor	2019	2020	2021
INFLATION: Consumer price index, 2010 = 100	317.4	349.1	384
GDP: GDP per capita, USD	836	928	1019
GDP EXPENDITURE: Exports of goods and services, USD per capita	54.9	59.8	66.6
GDP EXPENDITURE: Exports of goods and services,	179.8	213.8	260.3
EXCHANGE RATE: ETB/USD	29.23	31.1	33.15
GDP EXPENDITURE: Imports of goods and services,	16.6	16.9	17.1
FISCAL: Current expenditure, USDbn	7.8	8.3	8.9
GDP EXPENDITURE: Imports of goods and services,	485.3	526.5	568.4
INFLATION: Consumer price index, 2010 = 100	296.3	326	358.6
DEBT: Government domestic debt, ETBbn	642.7	752	872.3
EXCHANGE RATE: Real effective exchange rate,	123.13	121.01	117.74
GDP EXPENDITURE: Private final consumption,	58.9	66.2	73.5
STRATIFICATION: Household Spending, ETBbn	1707.6	1926.3	2149.3
FISCAL: Total revenue, USDbn	10.5	10.9	11.4
DEBT: Total government debt, USDbn	57	65.2	75.4

## **Awash International Bank S.C.**

### **Financial Statements**

### **For the year ended 30 June 2019**

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

---

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

#### **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 2019

### Notes to the Financial Statements (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 2019

### Notes to the Financial Statements (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. Comparative amounts for 2018 represent the allowance account for credit losses and reflect the measurement basis under IAS 39.

In Birr'000	2019			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost (on balance sheet exposures)				
Balance as at 1 July 2018	66,616	2,726	185,821	255,163
Day one IFRS 9 transition adjustment	64,210	18,803	(36,569)	46,444
Adjusted balance at 1 July 2018	130,826	21,529	149,252	301,607
Transfer to stage 1 (12 months ECL)	25,272	(6,564)	(18,708)	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(4,411)	6,676	(2,265)	-
Transfer to stage 3 (Lifetime ECL credit impaired)	(1,302)	(1,497)	2,799	-
Net remeasurement of loss allowance	(31,991)	(2,592)	130,111	95,528
New financial assets originated or	85,956	7,297	7,052	100,305
Financial assets derecognised	(27,757)	(410)	(76,975)	(105,143)
Balance as at 30 June 2019	176,592	24,439	191,265	392,297

**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2019**  
**Notes to the Financial Statements (Continued)**

In Birr'000	2019			
	Stage 1	Stage 2	Stage 3	Total
<b>Loan commitments and financial guarantee contracts (off balance sheet exposures)</b>				
Balance as at 1 July 2018	-	-	-	-
Day one IFRS 9 transition adjustment	18,212	1,234	-	19,446
<b>Adjusted balance at 1 July 2018</b>	<b>18,212</b>	<b>1,234</b>	<b>-</b>	<b>19,446</b>
Transfer to stage 1 (12 months ECL)	1,016	(1,016)	-	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(846)	846	-	-
Transfer to stage 3 (Lifetime ECL credit impaired)	-	-	-	-
Net remeasurement of loss allowance	(2,690)	1,094	-	(1,596)
New financial assets originated or	5,001	170	-	5,171
Financial assets derecognised	(7,995)	(218)	-	(8,213)
<b>Balance as at 30 June 2019</b>	<b>12,698</b>	<b>2,111</b>	<b>-</b>	<b>14,808</b>

In Birr'000	2019			
	Cash and balances with banks	Investment securities (debt instruments)	Other receivables and financial assets	Total
<b>Other financial assets (debt)</b>				
Balance as at 1 July 2018	-	-	15,713	15,713
Day one IFRS 9 transition adjustment	499	424	(10,237)	(9,314)
<b>Adjusted balance at 1 July 2018</b>	<b>499</b>	<b>424</b>	<b>5,476</b>	<b>6,399</b>
Net remeasurement of loss allowance	452	586	5,883	6,921
<b>Balance as at 30 June 2019</b>	<b>951</b>	<b>1,010</b>	<b>11,359</b>	<b>13,320</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

The following table provides a reconciliation for 2019 between amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instrument; and the 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income. See note 15 for 2018 comparative.

<i>In Birr'000</i>	Loans and advances to customers at amortised cost	Loan commitments and financial guarantee contracts	Other financial assets	Total charge/(credit)
Net remeasurement of loss allowance	95,528	(1,596)	6,921	100,853
New financial assets originated or	100,305	5,171	-	105,476
Financial assets derecognised	(105,143)	(8,213)	-	(113,356)
Amounts directly written off during the year	-	-	-	-
Recoveries of amounts previously	-	-	-	-
<b>Total</b>	<b>90,690</b>	<b>(4,638)</b>	<b>6,921</b>	<b>92,973</b>

#### 4.3.7 Impaired financial assets - Comparative information under IAS 39

<i>In Birr'000</i>	Loans and advances to customers 2018	Loans and advances to banks 2018	Investment securities 2018
<b>Loans with renegotiated terms</b>	-	-	-
Gross carrying	-	-	-
Impaired amount	-	-	-
Allowance for	-	-	-
Net carrying amount	-	-	-
<b>Neither past due nor impaired</b>	-	-	-
Grades 1 Pass	29,577,889	-	49,905
<b>Past due but not impaired</b>	-	-	-
30-90 days	1,143,452	-	-
91-180 days+	582,880	-	-
Individually impaired	(185,820)	-	-
<b>Allowance for</b>	-	-	-
Individual	(185,820)	-	-
Collective	(69,343)	-	-
<b>Total allowance for impairment</b>	<b>(255,163)</b>	-	-

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

– *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.

#### 4.3.8 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 2019	30 June 2018
	ETB'000	ETB'000
Loan commitments	2,244,004	2,510,878
Guarantees	1,342,696	960,227
Letters of credit	4,282,921	2,867,289
	<b>7,869,621</b>	<b>6,338,394</b>

#### 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.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 4.4.1 Management of liquidity risk

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

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

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

#### 4.4.2 Maturity analysis of financial liabilities

The table below analyses the Bank's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future.

	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
<b>30 June 2019</b>					
Deposits from customers	2,362,052	3,939,000	5,761,000	11,497,000	36,057,000
Other liabilities	1,042,213	2,848,172	-	-	-
<b>Total financial liabilities</b>	<b>3,404,265</b>	<b>6,787,172</b>	<b>5,761,000</b>	<b>11,497,000</b>	<b>36,057,000</b>
Loan commitments	770,032	21,103	178,395	1,211,107	63,367
Guarantees	41,754	240,006	162,492	892,410	6,034
Letters of credit	2,202,453	2,040,631	39,837	-	-
Other commitments	-	-	-	32,259	-
	<b>3,014,239</b>	<b>2,301,739</b>	<b>380,724</b>	<b>2,135,776</b>	<b>69,402</b>
Assets held for managing liquidity risk	<b>11,052,650</b>	<b>8,124,000</b>	<b>5,682,320</b>	<b>10,963,240</b>	<b>43,640,990</b>

## Awash International Bank S.C.

### Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

30 June 2018	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Deposits from customers	40,912,378	555,000	706,000	1176000	102,000
Other liabilities	1,746,153	2,455,049	-	-	-
<b>Total financial liabilities</b>	<b>42,658,531</b>	<b>3,010,049</b>	<b>706,000</b>	<b>1,176,000</b>	<b>102,000</b>
Loan commitments	2,384,844	3,103	95,383	1,020	26,528
Guarantees	72,548	171,963	169,688	546,028	-
Letters of credit	836,795	1,903,871	-	126,623	-
Other commitments	-	13,163	19,744	37,482	16,453
	<b>3,294,187</b>	<b>2,092,100</b>	<b>284,815</b>	<b>711,153</b>	<b>42,981</b>
Assets held for managing liquidity risk	11,417,915	1,434,664	120,000	14,781,000	26,257,139

#### 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.

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
<b>30 June 2019</b>			
<b>Assets</b>			
Cash and bank balances	-	11,371,552	11,371,552
Loans and advances to customers	47,001,488	260,584	47,262,072
Investment securities	11,722,623	131,942	11,854,565
Other assets	-	915,736	915,736
<b>Total</b>	<b>58,724,111</b>	<b>11,764,078</b>	<b>70,488,189</b>
<b>Liabilities</b>			
Deposits from customers	3,914,151	55,701,901	59,616,052
Other liabilities	-	3,890,385	3,890,385
<b>Total</b>	<b>3,914,151</b>	<b>59,592,286</b>	<b>63,506,437</b>
<b>30 June 2018</b>			
<b>Assets</b>			
Cash and bank balances	-	11,632,312	11,632,312
Loans and advances to customers	31,302,321	1,900	31,304,221
Investment securities	8,480,417	49,905	8,530,322
Other assets	-	666,701	666,701
<b>Total</b>	<b>39,782,738</b>	<b>12,350,818</b>	<b>51,466,855</b>
<b>Liabilities</b>			
Deposits from customers	3,122,386	40,328,992	43,451,378
Other liabilities	-	4,201,202	4,201,202
<b>Total</b>	<b>3,122,386</b>	<b>44,530,194</b>	<b>47,652,580</b>

(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 2019 was ETB 3.382billion (30 June 2018: ETB 3.047 billion).

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### Foreign currency denominated balances

	30 June 2019	30 June 2018
	ETB'000	ETB'000
US dollars (USD)	3,041,285	2,870,731
British pounds (GBP)	25,747	53,151
Euros (EUR)	298,580	112,007
Djiboutian franc (DJF)	5	13
Swiss franc (CHF)	1,969	6,712
Swedish Krona (SEK)	914	3,491
Japanese yen (JPY)	13,193	1,379
	<b>3,381,693</b>	<b>3,047,484</b>

#### 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 2019	30 June 2018
	ETB'000	ETB'000
Effect of a 10% Increase of the ETB against USD	304,129	287,073
Effect of a 10% Decrease of the ETB against USD	(304,129)	(287,073)
Effect of a 10% Increase of the ETB against GBP	2,575	5,315
Effect of a 10% Decrease of the ETB against GBP	(2,575)	(5,315)
Effect of a 10% Increase of the ETB against EUR	29,858	11,201
Effect of a 10% Decrease of the ETB against EUR	(29,858)	(11,201)
Effect of a 10% Increase of the ETB against JPY	1,319	138
Effect of a 10% Decrease of the ETB against JPY	(1,319)	(138)
Effect of a 10% Increase of the ETB against CHF	197	671
Effect of a 10% Decrease of the ETB against CHF	(197)	(671)
Effect of a 10% Increase of the ETB against SEK	91	349
Effect of a 10% Decrease of the ETB against SEK	(91)	(349)
Effect of a 10% Increase of the ETB against DJF	1	1
Effect of a 10% Decrease of the ETB against DJF	(1)	(1)

#### 4.6 Capital management

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 4.6.1 Capital adequacy ratio

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 2019	30 June 2018
	ETB'000	ETB'000
<b>Capital</b>		
Share capital	4,384,696	2,943,546
Share premium	1,389	1,389
Legal reserve	2,246,249	1,638,042
	<b>6,632,334</b>	<b>4,582,977</b>
<b>Risk weighted assets</b>		
Risk weighted balance for on-balance sheet items	52,133,928	34,769,384
Credit equivalent for off-balance	2,546,871	1,871,748
	<b>54,680,799</b>	<b>36,641,132</b>
<b>Risk-weighted Capital Adequacy</b>		
Minimum required capital	<b>12%</b>	<b>13%</b>
<b>Excess</b>	<b>8%</b>	<b>8%</b>
	<b>4%</b>	<b>5%</b>

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

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

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 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 2019		2018	
	Carrying amount	Amortized Cost	Carrying amount	Amortized Cost
	ETB'000	ETB'000	ETB'000	ETB'000
<b>Financial assets</b>				
Cash and bank balances	11,370,601	11,370,601	11,632,312	11,632,312
Loans and advances to customers	46,855,080	46,855,080	31,049,058	31,049,058
Investment securities				
- Financial assets at fair value through OCI (2018-AFS	-	-	49,905	49,905
- Financial assets at amortized cost (2018-Loans and Receivables)	11,721,612	11,721,612	8,480,417	8,480,417
Other assets	915,736	915,736	666,701	666,701
<b>Total</b>	<b>70,863,029</b>	<b>70,863,029</b>	<b>51,878,393</b>	<b>51,878,393</b>

**Awash International Bank S.C.**  
Financial Statements  
For the year ended 30 June 2019  
Notes to the Financial Statements (Continued)

---

	30 June 2019		30 June 2018	
	Carrying amount	Amortized Cost	Carrying amount	Amortized Cost
	ETB'000	ETB'000	ETB'000	ETB'000
<b>Financial liabilities</b>				
Deposits from customers	59,616,052	59,616,052	43,451,378	43,451,378
Other liabilities	3,890,385	3,890,385	4,201,202	4,201,202
<b>Total</b>	<b>63,506,437</b>	<b>63,506,437</b>	<b>47,652,580</b>	<b>47,652,580</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 2019

### Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>5 Interest income</b>		
Loans and advances	5,610,892	3,917,372
National Bank of Ethiopia bills and bonds	301,351	226,146
National Bank of Ethiopia Treasury Bills	461	-
Due from other banks	64,342	58,049
	<b>5,977,046</b>	<b>4,201,567</b>

Included within various line items under interest income for the year ended 30 June 2019 is a total of ETB 83.306 million (30 June 2018: ETB 41.828 million ) relating to impaired loans and advances.

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>6 Interest expense</b>		
Deposits from customers	2,107,724	1,474,596
Due to other banks	-	4,550
	<b>2,107,724</b>	<b>1,479,146</b>

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>7 Fees and commission income</b>		
Cash payment orders and cheques	7,390	6,689
Foreign currency transactions	825,453	519,206
Letters of credit	368,378	234,730
Letters of guarantee	65,714	17,536
Money and telegraphic transfers	2,295	3,050
Money transfers	13,417	5,942
Other commission	61,262	42,794
Murabaha Income	2,543	-
	<b>1,346,452</b>	<b>829,947</b>

## Awash International Bank S.C.

### Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>8 Other operating income</b>		
Dividends	10,651	5,846
Gain on foreign currency transactions	446,697	224,617
Bad debts recovered	270	393
Telephone, postage and SWIFT	15,495	12,501
Rental	31,300	15,058
Gain on disposal of repossessed collateral	603	2,322
Estimation and inspection fees	12,341	6,240
Gain on Disposal of old assets	1,010	-
Other income	213,588	106,192
	<b>731,955</b>	<b>373,169</b>
	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>9 Loan impairment charge</b>		
Loans and advances - charge for the year (note 16)	86,033	(53,753)
Loans and advances - reversal of provision (note 16)	-	56,867
Loans and advances - Bad Debts Write Off	-	2,304
	<b>86,033</b>	<b>5,418</b>
	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>10 Impairment on other assets</b>		
Other assets-charge for the year	6,231	4,715
Receivables - Bad Debts Write Off	(349)	-
	<b>5,882</b>	<b>4,715</b>
<p>The current expense charges on other assets is ETB 6.231 million. The amount of ETB 349,000 is receivables written off during the year.</p>		
	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>11 Impairment on Cash, Bills and Bonds</b>		
Cash, Bills and Bonds-charge for the year	1,039	-

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>12 Personnel expenses</b>		
Salaries and wages	891,591	691,113
Staff allowances	299,343	211,441
Provident fund and pension costs - Defined contribution plan	107,784	82,622
Provident fund and pension costs - Defined benefit plans	3,727	1,818
Prepaid staff expense	8,506	8,567
Bonus	222,478	162,715
Other staff expenses	99,167	76,151
	<b>1,632,596</b>	<b>1,234,427</b>
	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>13 Other operating expenses</b>		
Rent	221,252	181,887
Stationery	38,548	58,159
Transportation	35,298	23,888
Telephone and related charges	34,401	43,869
Professional and legal fees	85,709	77,322
Audit fee	587	547
Insurance	12,740	11,650
Taxes	4,623	2,348
Fuel	5,472	3,600
Amortisation_Leasehold land	489	525
Repair and maintenance	37,281	29,148
Other expenses	12,952	23,103
Card charges	25,400	15,454
Cleaning	2,193	1,967
Entertainment	10,490	2,840
Utility	8,922	5,962
Bank charges	3,871	2,956
Penalties	2,730	-
Loss on Disposal of old assets	1,149	-
Board Membership fees	519	-
Board Members fees	1,755	-
Impairment on Off Balance sheet items	112	-
Shariah Advisory committee fees	318	-
Advertising and publicity	63,510	31,604
Donation	60,420	28,600
	<b>670,741</b>	<b>545,429</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>14 Income tax</b>		
<b>14a Current income tax</b>		
Company income tax	891,961	469,997
Deferred income tax/(credit) to profit or loss	19,660	1,713
Total charge to profit or loss	<u>911,622</u>	<u>471,711</u>
Tax (credit) on other comprehensive income	-	-
Total tax in statement of comprehensive income	<u>911,622</u>	<u>471,711</u>
<b>14b Reconciliation of effective tax to statutory tax</b>		
The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
<b>Profit before tax</b>	<b>3,344,451</b>	<b>1,964,138</b>
<b>Add : Disallowed expenses</b>		
Entertainment	10,489	2,840
Donation	-	910
Penalty	2,730	24
Conferences and Meetings	-	1,698
Long service Award (Gratuity pay)	6,825	7,969
Bad debt written off	-	2,304
Provision for loans and advances as per IFRS	86,033	3,115
Impairment Losses on Other Assets (includes Local and Foreign Deposits, NBE Bills and Bonds and Receivables)	7,270	4,716
Impairment Charges on off Balance Sheets (LC and Guarantees)	112	-
Depreciation for accounting purpose	177,891	143,987
Amortization for accounting purpose	29,439	30,482
<b>Total disallowable expenses</b>	<b>320,789</b>	<b>198,045</b>
<b>Less : Allowed expenses</b>		
Depreciation and Amortization for tax purpose	248,534	203,163
Share of profit from associate	683	3,056
Impairment Reversal	-	124
Provision for loans and advances for tax	72,000	96,072
Impairment Losses on Other Assets for tax	5,533	3,773
Interest income taxed at source foreign	8,371	2,346
Dividend income taxed at source	5,846	5,846
Deposit (Including NBE Bills)	351,068	281,145
<b>Total allowable expenses</b>	<b>692,035</b>	<b>595,525</b>
<b>Taxable profit</b>	<b>2,973,205</b>	<b>1,566,658</b>
<b>Current tax at 30%</b>	<b>891,961</b>	<b>469,997</b>
	<u>891,961</u>	<u>469,997</u>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

14c Current income tax liability	30 June 2019	30 June 2018
	ETB'000	ETB'000
Balance at the beginning of the year	429,411	306,482
Charge for the year:		
Income tax expense	891,961	469,997
Prior year (over)/ under provision	-	-
WHT Notes utilised	(395)	-
Payment during the year	(429,411)	(347,068)
Balance at the end of the year	<b>891,567</b>	<b>429,411</b>

All tax payable is current in nature.

#### 14d Deferred income tax

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

	30 June 2019	30 June 2018
	ETB'000	ETB'000
To be recovered after more than 12 months	(96,823)	(278,947)

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:

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

Deferred income tax assets/(liabilities):	At 1 July 2017	Credit/ (charge) to P/L	(charge) to equity	30 June 2018
	ETB'000	ETB'000	ETB'000	ETB'000
Property, plant and equipment	(281,179)	(2,259)	-	(283,438)
Post employment benefit obligation	2,100	546	1,845	4,491
<b>Total deferred tax assets/(liabilities)</b>	<b>(279,079)</b>	<b>(1,713)</b>	<b>1,845</b>	<b>(278,947)</b>

**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2019**  
**Notes to the Financial Statements (Continued)**

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>15 Cash and bank balances</b>		
Cash in hand	2,332,144	1,649,372
Reserve account with National Bank of Ethiopia	2,900,000	2,200,000
Balance held with National Bank of Ethiopia	1,819,170	4,059,111
Deposits with foreign banks	3,384,725	2,970,432
Deposits with local banks	935,513	753,397
	<b>11,371,552</b>	<b>11,632,312</b>
Less: Loss allowances	(951)	-
	<b>11,370,601</b>	<b>11,632,312</b>
<b>Maturity analysis</b>		
Current	8,471,552	9,432,312
Non-Current	2,900,000	2,200,000
	<b>11,371,552</b>	<b>11,632,312</b>

**15a Cash and cash equivalents**

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

	30 June 2019	30 June 2018
	ETB'000	ETB'000
Cash on hand	2,332,144	1,649,372
Deposit with local banks	935,513	753,397
Deposit with foreign banks	3,384,725	2,970,432
Balance held with National Bank of Ethiopia	1,819,170	4,059,111
	<b>8,471,552</b>	<b>9,432,312</b>

**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2019**  
**Notes to the Financial Statements (Continued)**

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>16 Loans and advances to customers</b>		
Domestic trade and services	12,640,452	8,301,432
Export	9,356,944	7,095,734
Building and construction	9,485,443	5,561,160
Import	5,045,462	3,362,090
Manufacturing	5,087,440	3,336,740
Transport	2,116,646	1,902,971
Personal loans	1,950,602	476,645
Merchandise	81,723	131,894
Agriculture	116,358	121,529
Staff loans and advances	1,120,418	1,012,126
Murahabah Financing-Domestic Trade	65,474	850
Murahabah Financing-Agriculture	6,220	-
Murahabah Financing-Building and construction	28,676	-
Murahabah Financing-Import	10,846	-
Murahabah Financing-Manufacturing	4,261	-
Murahabah Financing-Transport	656	1,050
Export (Qard) Financing_IFB	74,658	-
Overseas Emp. Agencies Qard_IFB	69,793	-
	<b>47,262,072</b>	<b>31,304,221</b>
Loan Loss Allowance_Stage 1	(189,177)	(66,617)
Loan Loss Allowance_Stage 2	(26,550)	(2,726)
Loan Loss Allowance_Stage 3	(191,265)	(185,820)
	<b>46,855,080</b>	<b>31,049,058</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (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 2017	Charge for the year 2018	As at 30 June 2018	Remeasurmen t and Charge for the year	As at 30 June 2019
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Domestic trade and services	85,526	(37,681)	47,845	163,931	211,776
Building and construction	17,615	40,643	58,258	(13,380)	44,878
Manufacturing	1,876	(217)	1,659	10,576	12,235
Export	126,749	4,787	131,536	(40,019)	91,517
Import	4,873	2,407	7,280	8,899	16,179
Transport	4,379	(1,444)	2,935	21,786	24,721
Merchandise	6,129	(3,432)	2,697	(2,697)	-
Agriculture	4,564	(1,980)	2,584	(549)	2,035
Personal	231	134	365	1,849	2,214
Staff loans and Advances	109	(103)	6	557	563
Interest Free Banking	-	-	-	874	874
	<b>252,051</b>	<b>3,114</b>	<b>255,165</b>	<b>151,827</b>	<b>406,992</b>

#### 17 Investment securities

##### Financial assets at fair value through OCI (2018-AFS):

Financial assets at FVOCI (equity investments)

30 June 2019  
ETB'000

30 June 2018  
ETB'000

131,942

49,905

131,942

49,905

##### Financial assets at amortized cost (2018-Loans and Receivables):

Ethiopian Government Treasury Bills

500,000

-

Ethiopian Government bills

11,221,433

8,479,295

Ethiopian Government bonds

1,190

1,122

11,722,623

8,480,417

Less: Loss allowances

(1,011)

-

11,721,612

8,480,417

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

The Bank equity investment comprises:

	30 June 2019 ETB'000	30 June 2018 ETB'000
<b>Entities</b>		
Ethiopian Reinsurance Share co.	18,335	16,597
Awash Insurance Share co.	76,500	15,000
Eth-Switch Solution Share co.	26,802	12,002
Negat Mechanical Engineering Share Co.	1,149	1,143
ODA Share Co.	9,156	5,163
	<b>131,942</b>	<b>49,905</b>

As draft financial statement of Ethiopian Reinsurance Share company was not ready for valuation, the last valuation date for our investment was on June 30, 2018.

18 Investment in associate	No of Shares	Proportion of	30 June 2019	30 June 2018
			ETB'000	ETB'000
Premier Switch Solutions S.C.	44,996	27.27%	43,506	42,824

#### 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 27.27% of the total shareholding of the entity.

In accordance with the shareholders' agreement, Awash Bank has the right to cast 27.27% 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 2019 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 2019 Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>Premier Switch Solution S.C</b>		
Current assets	65,388	45,274
Non-current	102,463	119,949
Current liabilities	(7,110)	(7,117)
<b>Net Assets</b>	<b>160,741</b>	<b>158,106</b>
	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>Summarised statement of comprehensive income</b>		
Revenue	34,036	43,191
Interest income	10,133	9,743
Operating expense	(41,534)	(39,525)
Profit from continuing operation	2,635	13,409
Income tax	-	(1,612)
Profit after tax	2,635	11,797
Legal reserve	(132)	(590)
<b>Net profit for the year</b>	<b>2,503</b>	<b>11,207</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	<b>683</b>	<b>3,056</b>
--------------------------------	------------	--------------

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 2019	30 June 2018
	ETB'000	ETB'000
Opening net assets 1 July	158,105	146,308
Profit for the period	2,635	11,797
Closing net assets	<b>160,740</b>	<b>158,105</b>
Bank's share in %	27.27%	27.27%
Bank's share in ETB	43,834	43,115
Carrying amount on the Bank's financial statement	<b>43,834</b>	<b>43,115</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

19 Other assets	30 June 2019 ETB'000	30 June 2018 ETB'000
<b>Financial assets</b>		
Uncleared effects	294,336	266,747
Other receivables	632,759	415,667
<b>Gross amount</b>	<b>927,095</b>	<b>682,414</b>
Less: Loss allowances (note 19a)	(11,359)	(15,713)
	<b>915,736</b>	<b>666,701</b>
<b>Non-financial assets</b>		
Repossessed collateral	31,982	40,280
Prepayments	642,293	534,407
Office supplies	69,286	34,096
Prepaid staff asset	245,320	231,193
Operating leasehold land	20,569	14,939
<b>Gross amount</b>	<b>1,009,450</b>	<b>854,915</b>
	<b>1,925,186</b>	<b>1,521,616</b>
<b>Maturity analysis</b>		
Current	985,022	700,797
Non-Current	940,164	820,819
	<b>1,925,186</b>	<b>1,521,616</b>

#### 19a Loss allowance on other assets

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

	30 June 2019 ETB'000	30 June 2018 ETB'000
Balance at the beginning of the year	15,711	10,996
(Reversal)/charge for the year (note 10)	(4,352)	4,715
<b>Balance at the end of the year</b>	<b>11,359</b>	<b>15,711</b>

**Awash International Bank S.C.**  
Financial Statements  
For the year ended 30 June 2019  
Notes to the Financial Statements (Continued)

---

19b Operating Leasehold Land

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>Cost:</b>		
Balance at the beginning of the year	19,003	24,793
Transfer from / to property, plant and equipment	6,078	(5,790)
<b>Balance at the end of the year</b>	<b>25,081</b>	<b>19,003</b>
<b>Accumulated amortisation Leasehold land</b>		
Balance at the beginning of the year	4,063	3,538
Adjustment on Accumulated Amortization	(40)	-
Amortisation Leasehold Land	489	525
<b>Balance at the end of the year</b>	<b>4,512</b>	<b>4,063</b>
<b>Carrying Amount at the end of the Year</b>	<b>20,569</b>	<b>14,940</b>

**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2019**  
**Notes to the Financial Statements (Continued)**

	<b>Purchased software ETB'000</b>
	<b>_____</b>
<b>20 Intangible assets-Computer software</b>	
<b>Cost:</b>	
As at 1 July 2017	173,577
Acquisitions	2,544
<b>As at 30 June 2018</b>	<b>_____</b> 176,121
As at 1 July 2018	176,121
Acquisitions	841
<b>As at 30 June 2019</b>	<b>_____</b> 176,962
<b>Accumulated amortisation</b>	
As at 1 July 2017	76,960
Amortisation for the year	30,482
Impairment losses	-
<b>As at 30 June 2018</b>	<b>_____</b> 107,442
As at 1 July 2018	107,442
Amortisation for the year	29,439
Impairment losses	-
<b>As at 30 June 2019</b>	<b>_____</b> 136,881
<b>Net book value</b>	
As at 1 July 2017	96,617
As at 30 June 2018	68,679
As at 30 June 2019	<b>_____</b> 40,081

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### 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>Property and equipment</b>							
<b>Cost:</b>							
As at 1 July 2017	4,391	1,341,363	249,379	488,817	324,603	14,453	2,423,006
Additions	-	133,523	178,563	113,243	36,635	78,406	540,370
Reclassifications	-	-	(2,157)	(6,097)	-	-	(8,254)
Disposals	-	(289)	-	-	-	-	(289)
<b>As at 30 June 2018</b>	<b>4,391</b>	<b>1,474,597</b>	<b>425,785</b>	<b>595,963</b>	<b>361,238</b>	<b>92,859</b>	<b>2,954,833</b>
As at 1 July 2018	4,391	1,474,597	425,785	595,963	361,238	92,859	2,954,833
Opening balance adjustment	-	(5,902)	-	-	-	-	(5,902)
Adjusted opening balance	4,391	1,468,695	425,785	595,963	361,238	92,859	2,948,931
Additions	-	127,285	10,842	74,206	45,722	141,708	399,763
Disposals	-	-	(666)	(7,802)	(1,723)	-	(10,191)
Reclassification	-	(16,757)	-	(811)	811	(70,968)	(87,725)
<b>As at 30 June 2019</b>	<b>4,391</b>	<b>1,579,223</b>	<b>435,961</b>	<b>661,556</b>	<b>406,048</b>	<b>163,599</b>	<b>3,250,778</b>
<b>Accumulated depreciation</b>							
As at 1 July 2017	-	21,219	106,170	150,787	115,804	-	393,980
Charge for the year	-	28,137	24,162	49,949	41,863	-	144,111
Disposals	-	-	(2,049)	(5,714)	-	-	(7,763)
<b>As at 30 June 2018</b>	<b>-</b>	<b>49,356</b>	<b>128,283</b>	<b>195,022</b>	<b>157,667</b>	<b>-</b>	<b>530,328</b>
As at 1 July 2018	-	49,356	128,283	195,022	157,667	-	530,328
Depreciation Charge for the year	-	31,141	38,043	61,279	47,419	-	177,882
Adjustments/ Transfer charge	-	-	-	1,925	378	-	2,303
Disposals	-	(577)	(632)	(5,306)	(1,316)	-	(7,831)
<b>As at 30 June 2019</b>	<b>-</b>	<b>79,920</b>	<b>165,694</b>	<b>252,970</b>	<b>204,148</b>	<b>-</b>	<b>702,682</b>
<b>Accumulated Impairment</b>							
As at 1 July 2017	-	-	-	646	688	-	1,334
Charge for the year	-	-	-	(278)	153	-	(125)
Disposals	-	-	-	-	-	-	-
<b>As at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>368</b>	<b>841</b>	<b>-</b>	<b>1,209</b>
As at 1 July 2018	-	-	-	368	841	-	1,209
Charge/ Reversal for the year	-	-	-	(151)	(327)	-	(478)
Disposals	-	-	-	217	514	-	731
<b>As at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217</b>	<b>514</b>	<b>-</b>	<b>731</b>
<b>Net book value</b>							
As at 1 July 2017	4,391	1,320,144	143,209	337,384	208,111	14,453	2,027,692
As at 30 June 2018	4,391	1,425,241	297,502	400,573	202,730	92,859	2,423,296
As at 30 June 2019	4,391	1,499,303	270,267	408,419	201,386	163,599	2,547,365

21

**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2019**  
**Notes to the Financial Statements (Continued)**

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>22 Deposits from customers</b>		
Demand deposits	18,638,116	12,941,098
Savings deposits	34,908,477	26,736,907
Time deposits	3,914,151	3,122,386
Amana Deposit-Demand Private Sector	291,110	51,569
Wadi'ah-Saving Private Sector	1,857,720	599,297
Wadi'ah -Labbaik Account	6,478	121
	<b>59,616,052</b>	<b>43,451,378</b>
<i>Maturity analysis</i>		
Current	23,348,590	43,190,000
Non-Current	36,267,462	261,378
	<b>59,616,052</b>	<b>43,451,378</b>
<b>23 Other liabilities</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>ETB'000</b>	<b>ETB'000</b>
<b>Financial liabilities</b>		
Deferred income	44,762	84,052
Letter of credit margin payables	2,848,172	2,455,049
Blocked accounts	7,643	11,105
Cheques issued	401,486	788,536
Exchange commission payable	85,865	61,265
Accounts payable	502,252	801,195
Loss Allowances on off Balance Sheets	205	-
<b>Gross amount</b>	<b>3,890,385</b>	<b>4,201,202</b>
<b>Non-financial liabilities</b>		
Accruals	170,118	127,988
Directors' Allowance	1,590	1,382
Accrued liabilities-Bonus	217,819	162,715
Other payables	45,948	58,265
Tax payable	44,349	46,136
<b>Gross amount</b>	<b>479,824</b>	<b>396,486</b>
	<b>4,370,209</b>	<b>4,597,688</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### *Maturity analysis*

Current	1,522,037	2,142,639
Non-Current	2,848,172	2,455,049
	<b>4,370,209</b>	<b>4,597,688</b>

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

24 Retirement benefit obligations	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>Defined benefits liabilities:</b>		
- Gratuity (note 24a)	21,794	14,969
<b>Liability in the statement of financial position</b>	<b>21,794</b>	<b>14,969</b>
<b>Income statement charge included in personnel expenses:</b>		
- Gratuity (note 24a)	3,727	1,818
<b>Total defined benefit expenses</b>	<b>3,727</b>	<b>1,818</b>
<b>Remeasurements for:</b>		
- Gratuity (note 24a)	2,561	4,306
	<b>2,561</b>	<b>4,306</b>

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

#### *Maturity analysis*

Current	3,727	1,818
Non-Current	18,067	13,151
	<b>21,794</b>	<b>14,969</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 24a Gratuity

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

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

	30 June 2019	30 June 2018
	ETB'000	ETB'000
<b>A Liability recognised in the financial position</b>		
	21,794	14,969
<b>B Amount recognised in the profit or loss</b>		
Current service cost	1,601	718
Interest cost	2,126	1,100
	<b>3,727</b>	<b>1,818</b>
<b>C Amount recognised in other comprehensive income:</b>		
Actuarial (Gains)/Losses on demographic assumptions	-	-
Actuarial (Gains)/Losses on economic assumptions	1,622	5,201
Actuarial (Gains)/Losses on experience	2,036	950
	<b>3,658</b>	<b>6,151</b>
Deferred tax (liability)/asset on remeasurement gain or loss	(1,097)	(1,845)
	<b>2,561</b>	<b>4,306</b>
<b>D Changes in the present value of the defined benefit obligation</b>		
	30 June 2019	30 June 2018
	ETB'000	ETB'000
The movement in the defined benefit obligation over the years is as follows:		
At the beginning of the year	14,969	7,000
Current service cost	1,601	718
Interest cost	2,126	1,100
Retirement benefit paid	(560)	-
Remeasurement (gains)/ losses	3,658	6,151
At the end of the year	<b>21,794</b>	<b>14,969</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2019	30 June 2018
Discount rate (p.a)	12.50%	13.05%
Long term salary increases (p.a)	10.00%	12.00%
Average Rate of Inflation (p.a)	12.00%	10.00%

ii) Mortality in Service

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

<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:

	<u>Impact on defined benefit obligation</u>				
	<u>Change in assumption</u>	<u>30 June 2019</u>		<u>30 June 2018</u>	
		<u>Impact of an increase</u>	<u>Impact of a decrease</u>	<u>Impact of an increase</u>	<u>Impact of a decrease</u>
		<u>ETB'000</u>	<u>ETB'000</u>	<u>ETB'000</u>	<u>ETB'000</u>
Discount rate	1.0%	19	25	(1,000)	1,076

## Awash International Bank S.C.

### Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

	Impact on current service cost				
	30 June 2019		30 June 2018		
	Change in assumption	Impact of an increase ETB'000	Impact of a decrease ETB'000	Impact of an increase ETB'000	Impact of a decrease ETB'000
Discount rate	1.0%	2	3	(107)	115

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 2018: five years).

		30 June 2019	30 June 2018
		ETB'000	ETB'000
<b>25</b>	<b>Share capital</b>		
	<b>Authorised:</b>		
	Ordinary shares of ETB 1,000 each	6,000,000	3,000,000
	<b>Issued and fully paid:</b>		
	Ordinary shares of ETB 1000 each	4,384,696	2,943,546
<b>26</b>	<b>Share Premium</b>		
	At the beginning of the year	1,389	1,389
	Addition during the year	-	-
		<b>1,389</b>	<b>1,389</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 27 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 2019	30 June 2018
	ETB'000	ETB'000
Profit attributable to shareholders	2,432,829	1,492,425
Weighted average number of ordinary shares in issue	3,851,751	2,750,301
Basic & diluted earnings per share (ETB)	632	543

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 2018:nil), hence the basic and diluted earnings per share have the same value.

#### 28 Retained earnings

	30 June 2019	30 June 2018
	ETB'000	ETB'000
At the beginning of the year	1,625,752	1,359,774
Opening adjustments	194,669	-
Adjustment on initial application of IFRS 9, net of taxes	(1,016)	-
Profit/ (Loss) for the year	2,432,829	1,492,425
Transfer to Legal reserve	(608,207)	(373,107)
Transfer to Risk Regulatory Reserve	(81,065)	(138,681)
Directors' allowance	(1,590)	(1,200)
Dividend declared	(927,561)	(713,459)
At the end of the year	2,633,811	1,625,752

#### 29 Legal reserve

	30 June 2019	30 June 2018
	ETB'000	ETB'000
At the beginning of the year	1,638,042	1,264,935
Transfer from profit or loss	608,207	373,107
At the end of the year	2,246,249	1,638,042

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

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

30 Risk regulatory reserve	30 June 2019	30 June 2018
	ETB'000	ETB'000
At the beginning of the year	291,656	152,975
Adjustment on initial application of IFRS 9, net of taxes	(55,559)	-
Transfer from Retained Earnings	81,065	138,681
At the end of the year	<b>317,162</b>	<b>291,656</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 incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

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

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

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

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

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

**Awash International Bank S.C.**  
**Financial Statements**  
**For the year ended 30 June 2019**  
**Notes to the Financial Statements (Continued)**

		30 June 2019	30 June 2018
		ETB'000	ETB'000
<b>31 Other reserves</b>			
At the beginning of the year		(4,672)	(366)
Fair value reserve		62,853	-
Re-measurement gains on defined benefit plans (net of tax)		(2,561)	(4,306)
At the end of the year		<b>55,621</b>	<b>(4,672)</b>
		30 June 2019	30 June 2018
	Notes	ETB'000	ETB'000
<b>32 Cash generated from operating activities</b>			
<b>Profit before tax</b>		<b>3,344,451</b>	<b>1,964,136</b>
<b>Adjustments for non-cash items:</b>			
Foreign exchange gains/losses	8	(446,697)	(224,617)
Depreciation of property, plant and equipment	20	177,882	143,986
Amortisation of intangible assets	20	29,439	30,482
Investment in associate	17	(682)	(3,057)
Gain/Loss on disposal of property, plant and equipment		(8,309)	(7,763)
Adjustments on property, plant and equipment reclassification		2,303	-
Impairment on loans and advances to customers	16	86,033	3,114
Impairment on other assets	18a	5,883	4,715
Impairment on cash, bills and bonds		1,039	-
Impairment on off balance sheet items		112	-
Retirement benefit obligations	24	3,727	1,818
<b>Changes in working capital:</b>			
-Decrease/ (Increase) in loans and advances	16	(15,957,851)	(8,658,346)
-Decrease/ (Increase) in restricted deposits	15	(700,000)	(700,000)
-Decrease/ (Increase) in other assets	19	(399,216)	(132,074)
-Increase/ (Decrease) in other liabilities	23	(228,074)	1,287,341
-Increase/ (Decrease) in customer's deposit		16,164,674	12,751,532
		<b>2,074,714</b>	<b>6,461,267</b>

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 33 Related party transactions

Awash International Bank Share Company is owned by over 4,364 shareholders without an ultimate parent company. Premier Switch share company (PSS) is the only associate of the Bank. See note 18 for the details of the Bank's relationship with PSS.

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

	Relationship	30 June 2019 ETB'000	30 June 2018 ETB'000
<b>33a Transactions with related parties</b>			
	<u>management</u>		
	<u>personnel</u>		
Loans and advances	Board of Directors	47,940	398,991
	Executive Management	10,514	11,399
		<b>58,454</b>	<b>410,390</b>

#### 33b 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 2019.

	30 June 2019 ETB'000	30 June 2018 ETB'000
Salaries and other short-term employee benefits	19,923	16,314
Post-employment benefits	2,590	2,121
Board allowances	2,073	1,200
Other allowances	7,728	3,016
	<b>32,314</b>	<b>22,651</b>

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

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 34 Contingent liabilities

##### 34a Claims and litigation

The Bank is a party to numerous legal actions brought by different organizations and individuals arising from its normal business operations. The maximum exposure of the Bank to these legal cases as at 30 June 2019 is ETB 17,261,260.03 ( 30 June 2018: ETB 4,675,990).

##### 34b Guarantees and letters of credit

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

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

	30 June 2019	30 June 2018
	ETB'000	ETB'000
Guarantees	1,342,696	960,227
Letters of credit	4,282,921	2,867,289
	<b>5,625,617</b>	<b>3,827,516</b>

#### 35 Commitments

Loan commitments	2,244,004	2,510,878
Other commitments	32,259	86,843
	<b>2,276,263</b>	<b>2,597,721</b>

The Bank has commitments, not provided for in these financial statements for the year 30 June 2019 is ETB 2.276 billion (30 June 2018: ETB 2.598 billion), being exposure of the Bank from commercial letters of credit to customers. Other commitments represent commitments made in respect of the estimated cost to complete the Bank's construction work in progress.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 35a Operating lease commitments - Bank as lessee

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

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

	30 June 2019	30 June 2018
	ETB'000	ETB'000
No later than 1 year	123,261	90,888
Later than 1 year and no later than 5 years	99,462	70,710
Later than 5 Years	3,128	12,717
<b>Total</b>	<b>225,851</b>	<b>174,315</b>

#### 35b Operating lease commitments - Bank as lessor

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

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

	30 June 2019	30 June 2018
	ETB'000	ETB'000
No later than 1 year	19,035	16,344
Later than 1 year and no later than 5 years	7,207	14,703
Later than 5 Years	-	-
<b>Total</b>	<b>26,242</b>	<b>31,047</b>

#### 36 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 2019 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

# Awash International Bank S.C.

## Financial Statements

### For the year ended 30 June 2019

### Notes to the Financial Statements (Continued)

#### 37 Financial assets and financial liabilities

##### 37a Classification of financial assets and financial liabilities

The following table shows the original measurement categories and amounts in accordance with IAS 39 as at 30 June 2018 and the new measurement categories and amounts under IFRS 9 for the Bank's financial assets and financial liabilities as at 1 July 2018.

<i>Birr'000</i>			30-Jun-18			01-Jul-18
Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Re-classification	Re-measurement	New carrying amount under IFRS 9
Cash and cash equivalents	receivables	Amortised cost	11,632,312	-	(499)	11,631,813
Loans and advances to customers	Loans and receivables	Amortised cost	31,049,058	-	(65,795)	30,983,263
securities: Available for sale	Available for sale	FVOCI	49,905	-	36,807	86,712
Investment securities: Loans and receivables	Loans and receivables/Held to maturity	Amortised cost	8,480,417	-	(424)	8,479,993
Other financial assets at amortised cost	receivables	Amortised cost	666,701	-	10,237	676,938
<b>Total financial assets</b>			<b>51,878,393</b>	<b>-</b>	<b>(19,674)</b>	<b>51,858,719</b>
<b>Financial liabilities</b>						
Deposits from customers	Amortised cost	Amortised cost	43,451,378	-	-	43,451,378
liabilities (including ECL on loan commitments and guarantees)	Amortised cost	Amortised cost	4,201,202	-	93	4,214,654
<b>Other financial liabilities (including ECL on loan commitments and guarantees)</b>			<b>47,652,580</b>	<b>-</b>	<b>93</b>	<b>47,666,032</b>

The Bank's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 2.6. The application of these policies resulted in the reclassifications set out in the table above and explained below.

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

Particulars	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Deposits*	6,456	8,045	9,565	13,105	16,118	19,506	24,236	32,893	45,906	62,464
Loans & Advances **	3,146	3,986	5,505	7,710	9,176	12,482	15,451	22,646	31,304	47,262
NBE bills***	0	1,589	2,485	3,146	4,067	5,365	5,306	8,355	8,479	11,221
Total Assets	9,023	11,089	13,125	17,784	22,106	25,140	31,148	40,027	55,268	74,780
Capital & Reserves (Total Equity)	959	1,336	1,651	2,066	2,597	3,185	3,934	5,568	6,496	9,481
Profit Before Tax	351	505	531	583	829	861	986	1,314	1,964	3,344
Profit After Tax	248	361	394	439	619	669	744	951	1,492	2,433
Earnings per share (Birr)	493	560		456	475	445	371	390	543	632
No. of Branches (in no.)	64	70	86	115	150	202	240	316	366	410
No. of Employees (in no.)	2,484	2,724	3,219	4,011	4,787	5,847	6,003	6,772	7,872	9,046

Source: AB's Audited Accounts

\*Including Margins held on L/C

\*\* Including Provisions for Doubtful Loans & Advances

\*\*\* Renamed as " Ethiopian Government Bills" since June 30, 2018

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

ABUWARE BRANCH
ADDIS KETEMA BRANCH
ADDISU GEBEYA BRANCH
ADEY ABEBA BRANCH
AFRICA ANDINET BRANCH
AFRICA AVENUE BRANCH
AIRPORT BRANCH
AKAKI BRANCH
AKAKI GELAN BRANCH
AKAKI KALITY BRANCH
ALEM BANK BRANCH
AMANUEL TOTAL BRANCH
ARADA GIORGIES BRANCH
ARAT KILO BRANCH
ASCO BRANCH
ASIRA SIMINT MAZORIA BRANCH
BALDERAS BRANCH
BAMBIS BRANCH
BEKLOBET BRANCH
BESHALE FIGA BRANCH
BETHEL BRANCH
BOLE BRANCH
BOLE 22 BRANCH
BOLE ASIRA SEBAT BRANCH
BOLE MEDHANEALEM BRANCH
BOLE MICHAEL BRANCH
BOURAYOU KETA BRANCH
BURAYU MARIAM
BULGARIA MAZORIA BRANCH
CHURCHIL ROAD BRANCH
CMC BRANCH
D'AFRIQUE BRANCH
DESIE BER BRANCH
DEJAZMACH BALCHA SAFO BRANCH
DIL GEBEYA BRANCH
DUBAI TERA BRANCH
ECA AKABABI BRANCH
EDGET BRANCH
ENDERASE BRANCH
ERTU LEBU BRANCH
FERENSAY LEGASION BRANCH
FINFINE BRANCH
FIT BER BRANCH
FURI BRANCH
GEFERSA NONO

GEJA SEFER BRANCH
GENET HOTEL BRANCH
GERJI BRANCH
GERJI GIORGES BRANCH
GLOBAL AKABABI BRANCH
GOFA GEBREAL BRANCH
GOFA MEBRAT BRANCH
GOFA SEFER BRANCH
GOJAM BER BRANCH
GOTERA BRANCH
GULELE BRANCH
GULELE FINANCE BRANCH
GURD SHOLA BRANCH
GURD SHOLA Jackros BRANCH
HABTE G.DILDIY BRANCH
HAYA HULET MAZORIA
HAYA HULET WUHALIMAT BRANCH
HAYAT ADEBABAY BRANCH
HEAD OFFICE BRANCH
HURBU GUDO
JEMMO BRANCH
JEMMO MICHAEL BRANCH
KAGNEW SHALEKA BRANCH
KALITI GEBIRIEL BRANCH
KALITI GUMRUK BRANCH
KARA KORE BRANCH
KARA ROAD BRANCH
KARALLO BRANCH
KAZANCHIS BRANCH
KEBENA BRANCH
KECHENE CHILOT BRANCH
KIRKOS AKABABI BRANCH
KOKEB BRANCH
KOLFE BRANCH
KORIYA HOSPITAL BRANCH
KOTEBE BRANCH
KUAS MEDA BRANCH
LAFTO BRANCH
LAMBERET BRANCH
LEBU BRANCH
LEGEHAR BRANCH
LEGETAFO BRANCH
LIDETA BRANCH
MEGENAGNA BRANCH
MEGENAGNA ADEBABAY BRANCH

MEGENAGNA HAYA HULET BRANCH
MEHAL ARADA BRANCH
MEHAL GEBEYA BRANCH
MEHAL GOFA BRANCH
MEKANISA BRANCH
MEKANISA ABBO BRANCH
MERKATO BRANCH
MESALEMIA BRANCH
MESKEL FLOWER BRANCH
MEXICO BRANCH
MIKYLILAND BRANCH
MILINIUM BRANCH
NIFAS SILK BRANCH
OLOMPIA BRANCH
PIASSA BRANCH
SALLO GORA
SANFORD BRANCH
SARBET BRANCH
SARIES BRANCH
SARIES ADDIS SEFER BRANCH
SEBATEGNA BRANCH
SHALLA BRANCH
SHEGER BRANCH
SHEGOLE BRANCH
SHIRO MEDA BRANCH
SIDAMO TERA BRANCH
SIDEST KILO BRANCH
SIGNAL BRANCH
STADIUM BRANCH
SUMMIT BRANCH
TEKILE HAIMANOT BRANCH
TEMENJA YAJ BRANCH
TRAFICKTSEFETBET BRANCH
TORHAILOCH BRANCH
URAEI BRANCH
WELETE BRANCH
WELLO SEFER BRANCH
WUHALIMAT BRANCH
WUHALIMAT 22 BRANCH
YARED BRANCH
YEKA BRANCH
YEKA ABADO BRANCH
YERER BER BRANCH
YESH DEBELE SEFER BRANCH
ZENEBEWORK BRANCH

## ATMs' Located at Awash Bank Branches Out Side Addis Ababa

ABOSTO BRANCH
ADAMA BRANCH
ADEA BRANCH
AGARO BRANCH
ALABA KULUTO BRANCH
ALAMATA BRANCH
ALEMGENA BRANCH
AMBO BRANCH
ARBAMINCHI BRANCH
ARSI NEGELE BRANCH
ASSELA BRANCH
ASSOSA BRANCH
AWASH SEBAT KILO BRANCH
AWODAY BRANCH
AXUM BRANCH
AZEZO BRANCH
BAHIR DAR BRANCH
BAKO BRANCH
BALE ROBE BRANCH
BATU BRANCH
BEDELLE BRANCH
BEDESSA BRANCH
BERECHA BRANCH
BISHOFTU BRANCH
BOKOJI BRANCH
BOSSET BRANCH
BULE HORA BRANCH
BUTAJIRA BRANCH
CHIRO BRANCH

DEBRE BIRHAN BRANCH
DEBREMARIKOS BRANCH
DEBRETABOR BRANCH
DEMBELA BRANCH
DEMBI DOLO BRANCH
DESSIE BRANCH
DILA BRANCH
DIRE DAWA BRANCH
DODOLA BRANCH
DUKEM BRANCH
FICHE BRANCH
FINCHAWA BRANCH
GAMBELA BRANCH
GERBA GURACA BRANCH
GHIMBI BRANCH
GISH ABAY BRANCH
GODANA SELAM BRANCH
GONDER BRANCH
HAFETESSA BRANCH
HARAR BRANCH
HARUFA BRANCH
HAWASA BRANCH
HAWASA ARAB SEFER
HIRMATA BRANCH
HOLETA BRANCH
HOSENA BRANCH
HUMERA BRANCH
INJIBRA BRANCH
JIBRUK BRANCH

JIGJIGA BRANCH
JIMMA BRANCH
KECHAMA BRANCH
KOMBOLCHA BRANCH
LALIBELLA BRANCH
LEKA BRANCH
LOGIA BRANCH
MEKELE BRANCH
MEKI BRANCH
MENDI BRANCH
METU BRANCH
MOJO BRANCH
NEJO BRANCH
NEKEMTE BRANCH
SABIAN SEFER BRANCH
SAR TERA BRANCH
SEBATA BRANCH
SHAMBU BRANCH
SHASHEMANE BRANCH
SOFUMER BRANCH
SULULTA BRANCH
TABOR BRANCH
WALAYITA SODO BRANCH
WOLDIYA BRANCH
WOLISO BRANCH
WUKIRO BRANCH
YA'ABELO BRANCH

## Lobby ATMs

ATM Location	City
ABEBE ZELEKE HOTEL	Welayita Sodo
ADDIS ABABA INT'N AIRPORT	Addis Ababa
ADDIS GATE TRADING CENTER	Addis Ababa
AFRICA UNION	Addis Ababa
ARSI UNIVERSITY	Chilalo (Assela)
BERHANE ADERE MALL	Addis Ababa
BETELHEM PLAZA	Addis Ababa
BGI ATM01	Addis Ababa
BLENDANA HOTEL	Assossa
CAPITAL HOTEL	Addis Ababa
CARE ETHIOPIA	Addis Ababa
CENTURY MALL	Addis Ababa
CONCORD HOTEL	Addis Ababa
DH GEDA	Addis Ababa
ELIANA MALL	Addis Ababa
ELILI HOTEL	Addis Ababa
ETHIOPIA HOTEL	Addis Ababa
EXHIBITION CENTER	Addis Ababa
FILWUHA	Addis Ababa
FINFINE BRANCH	Addis Ababa
GHION HOTEL	Addis Ababa
GRAND RESORT AND SPA	Bahir Dar
HAILE RESORT	Batu
HALELUYA HOSPITAL	Addis Ababa
HARMONY HOTEL	Addis Ababa

ATM Location	City
HERMON CAFE	Addis Ababa
HILTON ADDIS ABABA	Addis Ababa
HOTEL SALAYISH	Mizan Teferi
INTERCONTINENTAL HOTEL	Addis Ababa
JAMBO IMPEX PLX	Harar Ras Hotel
JUPITER TRADING HOTEL	Addis Ababa
KELELA BUILDING	Addis Ababa
KENENISA HOTEL	Addis Ababa
MAFI MALL	Addis Ababa
NOAH REAL STATE	Addis Ababa
PARADISE LODGE	Arbaminch
PARK PLAZA	Addis Ababa
RAMADA HOTEL	Addis Ababa
SIDRA HOTEL	Addis Ababa
ROBERA COFFEE	Addis Ababa
ROZETA HOTEL	Addis Ababa
SABON BUILDING	Addis Ababa
SIDIST KILO UNIVERSITY	Addis Ababa
SNAP PLAZA	Addis Ababa
SOUTH STAR HOTEL	Hawassa
ST. MARY UNIVERSITY	Addis Ababa
TSEGA MALL	Addis Ababa
WABESHEBELE HOTEL	Addis Ababa
YOD ABYSSINIA	Addis Ababa
ZEFMESH BLDG	Addis Ababa

# Awash Bank Branch Address by Region

## 1. North Addis Ababa Region

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

No	Name	Telephone No.	Fax
42	Shewa Robit	033-664-1686/2189	
43	Shiro Meda	011-154-3513/5152	011-154- 3199
44	Sidist Killo	011-126-1046/54	011-126- 0997
45	Signal	011-667- 2011/65	011-667 -2017
46	Sululta	011-161- 7134/38/46/41	011-161- 7154
47	Traffic Tsihfetbet	011-661- 6454/618 9164	011-618 -8718
48	Wosen sefer	011-668-0065/67	011-667- 8239
49	Yared	011-126-1403/1553	011-126- 0188
50	Yeka	011-667- 4049/68/859 2248	011-667- 3520
51	Yeka Abado	011-872 1957	
52	Wara Jarso	011-187- 0710/04	011-187- 0816
53	Weserbi	011-862- 5503	

## 2. South Addis Ababa Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>011-470-8426</b>	<b>011-470-2826</b>
1	Africa Andinet	011-371 -6102/6593	011-371- 6594
2	Africa Avenue	011-557- 0533/34/35	011-557- 0536
3	Alemgena	011-367-9095/64/9122	011-367 -9116
4	Bambis	011-557-6976/73	011-557-6971
5	Beklobet	011-466- 8575/2354	011-416-6878
6	Bulgaria Mazoria	011-554- 0014/0292	011-554 -0311
7	Burka Wayu (Haile Garment)	011-471- 1861/1021	
8	Butajera	046-115-1028/0705	046-115-0927
9	Dil Gebeya	011-372- 0820/17/18	011-372 -0839
10	ECA Akababi	011-558-9297/8637	011-558- 6478
11	Enderase	011-557-6270/71	011-557- 6273
12	Ertu Lebu	011-471-3530	011-471-3865
13	Finfine	011-557- 0107/0200	011-557- 0113
14	Fitber	011-557 -2149/82	011-557- 2215
15	Furi	011-367- 9087/32/9108	011-367 -9092
16	Genet branch	011-554- 0256/43	011-554- 0033
17	Global Akababi	011-470- 2412/2368	011-470- 1368
18	Gofa Gebriel	011-467-4565/63/67	011-467- 4561

No	Name	Telephone No.	Fax
19	Gofa meberat haile	011-470- 3392/78/59/69	011-470- 3393
20	Gofa Sefer	011-465 -3691/466 9811	011-416- 0357
21	Gotera	011-467- 0392/896 3915	011-467 -0576
22	Hana Mariam	011-471-1297/71	011-471-1453
23	Hurbu	011-471-3327/39-24	011-471-3643
24	Jemmo Michael	011-369- 9602/9957	011-369- 8407
25	Karl Adebabay	011-384-8004/8154	
26	Kazanchis	011-557-0756/57/22	011-557 -0683
27	Kirkos	011-554 -7583/81/85	011-554- 7582
8	Kirkos -45	011-470-5606	011-470-5839
29	Lemmon	011-363-03-59/60	
30	Lafto	011-419 -6489/0763	011-419 -6488
31	Lebu	011-471- 2504/38	011-471 -2544
32	Legehar	011-553 -1948/554 77 65	011-551- 0867
33	Mehal Gofa	011-467- 1297/ 1574/91	011-467 -1281
34	Mekanisa	011-369-8348/8603	011-369-8325
35	Mekanisa Abo	011-369 0314/27/28	011-369 -0329
36	Meskel flower	011-466- 9393/467 1527	011-466- 9501
37	Mexico	011-557- 2179/2261	011-557 2259
38	Nifas Silk	011-442-0309/08/4679	011-442 -0958
39	Olompia	011-557- 1190/1240	011-557 -1188
40	Sarbet	011-372- 7391/7806	011-372- 7872
41	Saris	011-443-1272/37	011-443 -1358
42	SarisAddisu Sefer	011-440 0153/0675	011-440 -0685
43	Sebeta	011-338 -4101/15	011-338- 4102
44	Stadium	011-515- 6746/5115	011-550- 2920
45	Stadium Zuria	011-531-9102	011-531-9101
46	Temnja yaj	011-416 -2720/16	011-416 -2705
47	Tulu Bolo	011-342-1401/02	011-342-1400
48	Tulu Ejersa	011-471- 1735/13	011-471- 1597

No	Name	Telephone No.	Fax
49	Urael	011-554- 0830/31/32/33	011-554- 0836
50	Urael Nigist	011-554-1845/8664	011- 554-3049
51	Wechecha	011-380-4047/48	011-380-4033
52	Weliso	011-341 -3473/74	011-341- 3472
53	Wolete	011-380-0157/0057	011-380-3007
54	Wolkite	011-365-8169/8384	011-365-8168
55	World Bank	011-515- 3087	011-515 -0601
56	Yoseph	0114-470-8882/0622	011-470-9056

### 3. East Addis Ababa Region

No.	Name	Telephon55e No.	Fax
	<b>Regional Office</b>	<b>011-616-055675</b>	<b>011-663-7538</b>
1	Adey Abeba	011-470 -7708/35/43	011-470 -7742
2	Airport	011-618- 0611/75	011-618- 0171
3	Akaki	011-435 -1672/434-0723	011-434- 3277
4	Akaki Kaliti	011-471 -6440/41	011-471 -6426
5	Akaki-Gebeya	011-471-5431/5159	
6	Akaki-Gelan	011-471- 6503	011-471 6487
7	Beshale Figa	011-667- 7977/7750	011-667- 7885
8	Bole	011-618- 9522/24/26	011-662- 6387
9	Bole 17	011-660-9002/6632	011-660-0682
10	Bole 22 Road	011-662 8015/1686	011-618- 3996
11	Bole Bulbula	011-471- 4321	011-471- 4594
12	Bole Medihanealem	011-667 -0347/51	011-667 -0237
13	Bole Michael	011-639 -2022/05/21	011-639- 2023
14	Bole24	011-667 3679	011-667 -3618
15	CMC	011-667 -5188/55	011-667 5104
16	Camerron Avenue	011-666-2429/2528	
17	Dukem	011-432- 0502/0342	011-432 -0523
18	Edget	011-629 -2526/2108	011-629 -2259
19	Gelan	011-471- 3470	011-471- 3764
20	Gerji	011-647 -6275/76	011-647- 6274
21	Gerji Georgis	011-639 4000/10	011-639 4002

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

#### 4. West Addis Ababa Region

No.	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>011-530-3002/16/20</b>	
1	Addis Ketema	011-275-8358/57	011-277- 2483
2	Alem Bank Akababi	011-369- 4504/59/65	011-369 4542

No.	Name	Telephone No.	Fax
3	Amanuel Total	011-273- 6009/46	011-273- 6032
4	Ambo	011-236- 4174/3377	011-236- 5669
3	Asco	011-273- 0293/94	011-273- 0295
4	Asco Addis Sefer	011-273- 1631/30	
5	Asrasemint Mazoria	011-279-1444/273 8960/56	011-279 -1364
6	Awtobis Tera	011-273- 4417/26/19	011-273-4410
7	Bethel	011-349-1268/1304	011-349 -1135
8	Burayu Keta	011-260-4620/41/54	011-260-4612
9	Burayu Mariam	011-260-4981/31	011-260-4959
10	D'Afrique	011-557- 7067/14	011-557 -7028
11	Dejazmach Balcha Safo	011-530- 3111/10	011-530 3113
12	Dubi-Tera	011-273 -2281/90	011-273- 2282
13	Geja Sefer	011-557- 6237/44	011-557- 6232
14	Gesho Tera	011-273- 2752/42	011-273-2732
15	Gefersa Guji	011-260-1852/1679	
16	Gefersa nono	011-260- 1117/32	011-260-1133
17	Gojam Berenda	011-273-3834	011-273-3593
18	Gola Michael	011-126-3498/2201	
19	Ginchi	011-258- 1172/74	011-258- 1170
20	Guder	011-282-0796/0814	011-282-0801
21	Gullele	011-278 -4926/31	011-278- 4927
22	Gullele pawulos	011-273-7936/35	
23	Holeta	011-261- 0004/31	011-261- 0021
24	Jemmo	011-348 -4007/6070	011-348 -6270
25	Jeldu	011-238-0597/0605	011-238-0582
26	Kara Kore	011-369- 3069/46	011-369 -3067
27	Kachisi	011-215-0530/62	011-215-0586
28	Ketena 2	011-383-5071/72	011-383-5073
29	Kolfe	011-275- 7235/36	011-277- 3376
30	Kolfe Atena Tera	011-273-9722/9119	
31	Kolfe Likuanda	011-273-9494/9492	
32	Lideta	011-554- 6572/73	011-554- 6571
33	Mehal Gebeya	011-277- 9472/13	011-277 -9307
34	Mekanisa Kore	011-369- 8567/97	011-369-8395

No.	Name	Telephone No.	Fax
35	Melka Gefersa	011-384-7658/7864	
36	Merkato	011-277- 1666/275 87 33	011-213 -7136
37	Mesalemiya	011-275-8437	011-278 -8195
38	Mierab Merkato	011-273 -4298	011-273- 4315
39	Mikilliland	011-273 -0341/98/57	011-273- 0426
40	Merkato Kagnew shaleka	011-273-4542/12	011-273-4538
41	Merkato Tana	011-273-3598/28	011-273-2994
42	Muger	011-218 0662/0371	011-218-0333
43	Oddo Ilban	011-260-9925/6672	
44	Quas Meda	011-276- 0343/45	011-276- 0349
45	Sansusi	011-373- 1940/18	011-373- 1221
46	Sebategna	011-277- 3342/43	011-277- 3270
47	Sengatera	011-557- 6839/75	011-557- 6880
48	Shera Tera	011-273- 5902/54	011-273- 5712
49	SidamoTera	011-278 -4118/94	011-278- 4117
50	Tekle Haimanot	011-278 -9376	011-277 2732
51	Torhailoch	011-369 -1311/1293	011-369- 1208
52	Yeshi Debele	011-369-2392	011-369-0627
53	Zenebework	011-369-7177/78	011-369-7226

## 5. Adama Region

No.	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>022-212-6651/64</b>	<b>022-111-1382</b>
1	Ada'a	011-433-8900/86	011-433- 8547
2	Adama	022-111- 8585/84	022-111- 5375
3	Adama Ras	022-211-6394	022-211-6393
4	Arerti	022-223- 0561/0664	022-223-0719
5	Arsi Robe	022-242-1765/1406	022-242-0042
6	Assela	022-331-2770/2875	022-331- 5622
7	Awash Sebat Killo	022-224- 0274/79	022-224- 0251
8	Batu	046-441- 2210/52	046-441- 2211
9	Bekoji	022-332-0655	023-332-0080
10	Berecha	022-112 -0481/05	022-112- 7867
11	Bishoftu	011-433- 5382/44	011-437- 0420

No.	Name	Telephone No.	Fax
12	Boset	022-111 -9027/28	022-111 -9029
13	Bote	022-115- 0503/04	022-115- 0542
14	Chefe Donsa	022-451-05-10	022-451-05-14
15	Chilalo	022-331- 8274/7576	022-331- 8277
16	Dembela	022-110 -0621	022-110- 0622
17	Dembi	011-430-0563/64	011-430-0569
18	Dera	022-333-0000/09	022-333-0927
19	Derartu Adebabay	022-211- 6926	022-211- 5733
20	Eteya	022-335-0489	022-335-0818
21	Ganda Gara	022-212-1903/48	022-212-2339
22	Gobessa	022-446-0657	022-446-0657/93
23	Kechema	022-111- 8302/06	022-111- 8303
24	kersa	022-337-0770/71	022-337-0769
25	Koka	022-499-0192/0205	022-459-0192
26	Meki	022-118 -0044/08	022-118- 0740
27	Metehara	022-226-1213/1311	022-226-1317
28	Modjo	022-116- 0355/0286	022-116- 0473
29	Olenchiti	022-113-1111/10	022-113-1171
30	Sar Tera	022-212-0414	022-212-0408

## 6. North Region

No	Name	Telephone no	Fax
	<b>Regional Office</b>	<b>034-241-6522/9241</b>	<b>034-241-6369</b>
1	Adhihak	034-240-2034/1862	034-240-2546
2	Adigrat	034-445 -0330/0469	034-445 -0348
3	Alamata	034-774- 0782/35	034-774-0597
4	Axum	034-275-9490/7161	034-275-0477
5	Bati	033-553-2272/1808	
6	Buanbua Wuha	033-311- 9898	
7	Dessie	033-111-2829/34	033-111- 2839
8	Edaga Hamus	034-773-0739/0795	034-773-0652
9	Edaga Mekele	034-240-5313/35/04	034-240-5287
10	Godana Selam	034-440 -7044/6996	034-440-6997

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

## 7. North West Region

No	Name	Telephone no	Fax
	Regional Office	058-320-4168/2847	058-320-3148
1	Abay Mado	058-321-2081/3197	058-321-0110
2	Azezo	058-114 -1222/1163	058-114 -0879
3	B/Dar Ghion	058-320-9510/9692	058-320-8986
4	Bahir Dar	058-220- 0671	058-222 -1147
5	Bichena	058-665- 1580	
6	Bure Damot	058-774-1073/1148	058-774-1196
7	Chagni	058-225 -0458/0179	058-225 -0532
8	Dangila	058-221-1820/1731	058-221-2143
9	Debre Markos	058-771-2328	058-771- 4225

No	Name	Telephone no	Fax
10	Debre Tabor	058-141- 0303/46	058-141 -0355
11	Este	058-447 16 98	058-447-16-18
12	Fasiledes	058-211 46 21	
13	Fenote Selam	058-775-2113/14	058-775-2115
14	GishAbay	058-226- 6467/3863	058-222- 0073
15	Gonder	058-111- 4867	058-111 -8044
16	Injibara	058-227- 0807/09	058-227- 0804
17	Jawi	058-278- 0401/02	058-278- 0403
18	Mambuk	058-263-05-67	
19	Maraki	058-211 -5081/57	058-211- 5062
20	Merawi	058-330- 0988/0969	
21	Metema Yohannes	058-555- 5651	058-555- 5509
22	Motta	058-661-1974/2074	
23	Woreta	058-446-1641/1491	

## 8. South Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>046-212-6160</b>	<b>046-212-6702</b>
1	Abosto	046-211 -5077	046-211- 5058
2	Adaba	022-663-1222/65	022-663-1258
3	Aba Jifar	047-221-1733/2794	
4	Adola Weyu	046-335-0059/0607	046-335-0220
5	Alaba Kulito	046-556- 0124	046-556-0109
6	Alamura	046-212-70-96/63-08	
7	Aleta wendo	046-224-0588	046-224-0630
8	Areka	046-552-1321/20	
9	Arbaminich	046-881- 2992	046-881 4605
10	Arsi Negele	046-116- 0127	046-116- 0877
11	Awasho	046-211-7422/5535	046-211-9840
12	Bansa Daye	046-337-0637/0638	
13	Bale Robe	022-665- 1700	022-665 -1975

No	Name	Telephone No.	Fax
14	Bodeti	046-559-0965/10-00	
15	Bule Hora	046-443 -0121	046-443 -0935
16	Dalo Mena	022-668-0039/21	022-668 -0540
17	Dilla	046-331-0370/43	046-331-4107
18	Dodola	022-666-0474/77	022-666-0429
19	Ginir	022-664- 0065	022-664 -0449
20	Goba	022-661-2613/2929	022-661-4927
21	Gombora	046-178-67-57/8817	
22	Harufa	046-110 -0335/0610	046-110 -0543
23	Haro Welabu (Dilla 2nd)	046-131-04-45	
24	Asasa	022-336-0845	022-336-0819
25	Hawassa	046-220 -4819/4722	046-220- 4751
26	Hawassa Arab Sefer	046-212-3849	046-212-4811
27	Hawassa Menaharia	046-212- 4021/4162	046-212- 3621
28	Hosaena	046-555- 0684	046-555- 0694
29	Jinka	046-115-1862/00	046-775-1859
30	Kercha	046-324-2008	046-324-2004
31	Meda Welabu	022-244-2068	
32	Moyale	046-444-1791	047-444-1401
33	Negelle	046-445-2193/90	046-445-2192
34	Shakiso	046-334-1399/1193	046-334-1348
35	Shashemene	046-110- 6525	046-110- 0014
36	Shinshencho	046-339-0850/64	046-339-0874
37	Sofomer	022-665 -2525/3117	022-665-0043
38	Tabor	046-212 -0034/56	046-212- 0068
39	Tona	0920-64-60-79	
40	Warabe	046-771-0600	046-771-0588
41	Wolayeta Sodo	046-551- 0743	046-551- 0706
42	Wondo Basha	046-222- 0427/0515	
43	Yabello	046-446 -0887/0197	046-446- 0311

## 9. East region

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

## 10. West Region

No	Name	Telephone No.	Fax
	<b>Regional Office</b>	<b>057-660-1263/64</b>	<b>057-660-1260</b>
1	Aba Sena	057 771-2484	
2	Aba Jifar	047-211-1733/2794	
3	Agaro	047-221- 1746	047-221- 1841

No	Name	Telephone No.	Fax
4	Anger Gute	057-634-0249	057-634-0328
5	Assosa	057-775- 1652	057-775- 1741
6	Ayira	057-577-0698/38	057-557-0555
7	Baco	057-665- 1465/21	057-665 -1494
8	Bambasi	057-441-0677/0734	057-441-0654
9	Bedele	047-445 -0865/1097	047-445- 0173
10	Begi	057-641- 0441	057-641 -0462
11	Bonga	047-331-1865/0691	047-331-2323
12	Burka Jato	057-660-8129/27	
13	Chora	047-337-0706/05	
14	Dembi Dollo	057-555-2333/1651	057-555 -1277
15	Ejaji	057-550-0612/0602	057-550-0565
16	Fincha	057-664- 0151/0069	057-664- 0041
17	Gambela	047-551-1814/67	047-551- 1869
18	Gambela New Land	047-151- 5279/3850	047-151- 0352
19	Gedo	057-227-0159/0070	057-227-0500
20	Ghimbi	057-771- 0066/0342	057-771- 1022
21	Gida Ayana	057-773- 0691/56	057-773- 0676
22	Gidami	057-780-0800/01	057-780-0802
23	Gomma	047-221-5347/48	
24	Gudatu Arjo	057-116-0617/0660	057-116-0666
25	Guduru	057-663-0610/11	057-663-0571
26	Guliso	057-778-0278/81	057-778-0286
27	Haro Sabu	057-556-0574/0622	057-556-0831
28	Hirmata	047-211 -0035/33	047-211 -0044
29	Jerdaga jarte	057-637-0476	-
30	Jima Arjo	057-667-0515/31	057-667-0502
31	Jimma	047-111 -2189/5976	047-111- 9412
32	Jiren	047-211-3708	
33	Leka	057-661 -1433/02	057-661- 1439
34	Limmu Genet	047-224-0752/20	
35	Masha	047-452-2651/53	
36	Mendi	057-776 -0906/07	057-776- 0910
37	Mettu	047-441- 2648/34	047-441- 4165

No	Name	Telephone No.	Fax
38	Mizan Teferi	047-135-9138/89	047-135-1879
39	Mugi	057-779-0655/0533	057-779-0844
40	Nejo	057-774- 0492/0287	057-774- 0345
41	Nekemte	057-661- 7092/90	057-661- 5474
42	Nole Kaba	057-632-0662/0714	057-632-0606
43	ODA	057-660-0920/1370	057-660-3256
44	Oda Buluk	022-113-1111/1033	022-113-1171
45	Shambu	057-666- 0142/39	057-666- 0152
46	Shenen Gibe	047-211- 7624/6693	
47	Sibu Sire	057-668- 0921/0917	
48	Tepi	047-556-3489/66	047-556-2506
49	Yayo	047-333- 0765/51	
50	Yebu	047-226-0485	047-226-0560

## 11.Head Office Branch

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



# AWASH INSURANCE COMPANY S.C

**SUPERIOR SERVICES WITH UTMOST  
CARE, COMPETENCE AND INTEGRITY!**



**AWASH** Bank & Insurance  
"Celebrating Success, Envisioning the Future"

**WE OWE OUR TWENTY FIVE YEARS OF  
SUCCESS TO OUR ESTEEMED CUSTOMERS.**

**THANK YOU!**

**Where there is Awash, there is peace of mind!**



+251 115 570 001



[aic@awashinsurance.com](mailto:aic@awashinsurance.com)



+251 115 570 208



[www.awashinsurance.com](http://www.awashinsurance.com)



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