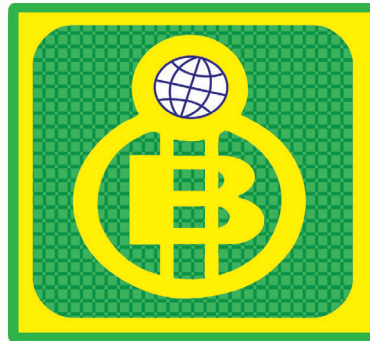




OROMIA INTERNATIONAL BANK S.C



ANNUAL REPORT

JULY 1, 2016 - JUNE 30, 2017

Peoples' Bank!



Vision

"To become the Bank of Your First Choice" ✓

Mission

"We are committed in providing full-fledged and best quality commercial banking services within the pertinent regulatory requirement with due diligence to sustainable business while empowering the missing middle and discharging social responsibility by engaging highly qualified, skilled, motivated and disciplined employees and state-of-the-art information technology, adding real value to the shareholders interest and win the public trust."

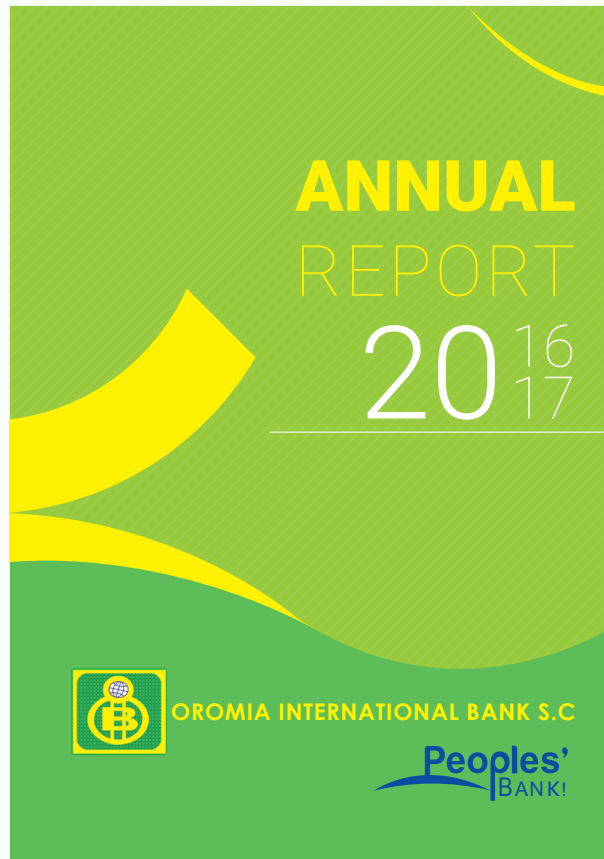
Core Values

Corporate values of OIB reflects the deeply pursued philosophy of operational excellence, believes, ground of typical sparkling culture of identity for reputation through which the bank is well known by others. In OIB, we are committed to the following values in conducting our day-to-day business.

- We value persistence, endurance and tenacity;
- We value customer satisfaction;
- We value transparency, integrity and confidentiality;
- We uphold team spirit and grooming potential successor;
- We value total respect to customers and employees;
- We value competitive and motivated human resource with ever growing skills;
- We promote a learning and innovative organization;
- We value belongingness;
- We uphold corporate citizenship.



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BOARD OF DIRECTORS



Obbo Gadissa Bultosa
Board Chairperson



Dr. Aynalem Megersa
Vice Chairperson



Prof. Fikre Lemessa
Member



Dr. Hirut Terefe
Member



Obbo Damenu Tulu
Member



Dr. Amenu Oljirra
Member



Kab. Obbo Gebru G/mariam
Member



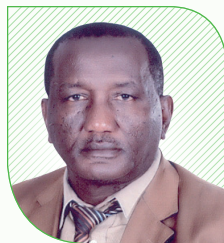
Obbo Didha Dirriba
Member



Obbo Asegid Regassa
Member



Dr. Firdissa Jebessa
Member

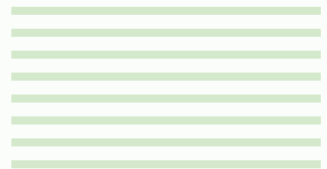


Obbo Eshetu Erena
Board Secretary



MESSAGE FROM

THE CHAIRPERSON OF BOARD DIRECTORS



On Behalf of the Board of Directors, Management and the entire Staff of OIB, it is a pleasure and great honor to welcome you all to the 8th Annual General Shareholders Meeting of the Oromia International Bank S.C convening today at the Millennium Hall. It is also a privilege for me to present the Annual Report of the Board of Directors on the major performances of our Bank for the fiscal year ended June 30, 2017.

Before going on to present our performances report, I would like to shade a light on the context in which our Bank had been operating during the fiscal year. The Ethiopian Banking Industry is characterized by scarcity of basic resources—Deposit, Foreign Currency (FCY), Experienced HR, and Branch Offices. The fight to secure these basic resources was very strong than ever before in the ended fiscal year as demonstrated by different strategies and tactics deployed by banks such as introducing new products and services on top of heavily investing on bank IT technologies, implementing high salary scales, getting into long range rental contracts with heavy advances implying very high effective rate of office

rentals, etc. Nevertheless, branch opening by all banks in general and that of privates in particular remained aggressive. The local and global market condition affecting those basic resources on the other hand was mixed. The price for agricultural export commodities in the international market was remained low putting continued pressure on national export earnings. The intermittent internet access interruption at most locations of our branches in connection with security condition was an additional hurdle to our remittance earnings. However, the demand for credit was still very high while that of FCY was completely unmet. This implies that even though there was a huge market for the two main revenue earning services—lending and FCY for import, getting required level of those resources in the market was a huge task.

As it has been the practice often, in OIB we have developed a culture of setting big goals and relentlessly working to achieve those goals. As a result, amid the stiff competition in the industry and continuous global uncertainty challenging financial institutions, our Bank continues to register sustainable results for



the benefit of its key stakeholders. Indeed, the 2016/17 fiscal year has been another successful year for OIB, with praiseworthy financial and operational results.

During the fiscal year, OIB has generated a total income of Birr 1.49 billion with a growth of over 28% or Birr 330million relative to the previous fiscal year; our expenses for same fiscal year had grown by over 33% and reached Birr 1.12billion while the gross profit reached Birr 378.68 million, up by 17% (Birr 53.7 million). One may observe that our expenses had grown at faster rate than revenue, but we at OIB, are more encouraged this year since this negative growth gap was significantly reduced to less than 5% from what was over 14% during the previous period. The total deposit reached Birr 13.41 billion, showing 44% (Birr 4.06 billion) growth; loans and advances reached Birr 8.23 billion a growth of 43% (Birr 2.46 billion) compared to the preceding year. The total asset of our bank at the end of the fiscal year stood at Birr 16.3 billion (a growth of 44%), and the paid up capital rose to Birr 1.17 billion from Birr 921.4 million of the previous fiscal year resulting in our capital adequacy ratio 12.4%, which is above the regulatory requirement of 8% but closer to the Bank's internal risk exposure limit of 12%, which may signal the need to expedite collection of subscribed shares to improve the Bank's capital position.

OIB has continued expanding its geographic presence and started new access channels during this fiscal year as it has increased its branch network from 200 (previous fiscal year) to its current level of 223 (68 city and 155 outlying) branches, recruited 36 agents through Agent Banking Services, Opened 3,199 mobile banking accounts, and issued about 22 thousand ATM cards already performing close to 160 thousand transactions via deployed ATMs. These newly introduced service channels as well as our huge branch network equipped with the necessary IT services and well trained over 3000 employees across those branches, five districts offices and head office were instrumental to serve our huge number of customers (with over 806,739 accounts) across our coverage areas and beyond. These, we believe, have opened up access to banking services to the wider customer, mainly the 'missing middle'.

OIB recognizes the importance of human resources development very well provided different trainings both local and overseas during the fiscal year. We will

continue developing our human resources towards achieving service excellence while making the content of the training tailor-made. Motivational measures such as salary increment and bonus, promotion, and transfer, among others, with an embedded merit-based appraisal mechanism linking remunerations and the different forms of rewards to performances will also be continued in a more refined manner so as to attain a high level of quality services leading to maximized return to shareholders and the wider customers.

Our bank has continued discharging its corporate social responsibility consistent with the prevailing regulatory body requirements and thus addressing development needs of public concern. During the fiscal year, OIB has extended over Birr 2.3 million through Government and collaborating organizations mainly for humanitarian assistance.

The progress in connection with our Head Quarters construction on the already acquired land (Goma Kuteba) has not been much; and so is the request to acquire land at SengaTera(the so called 'future financial hub') from the Addis Ababa City Administration (owing mainly to external factors) despite the efforts of the Management and the Board. On the other hand, the request to acquire land for a multipurpose training center at Galan(in Oromia) has been in a promising state for which we would like to acknowledge the constant support that the local Authorities and Oromia National Regional State have been rendering to our Bank. OIB's investments has been monitored closely, some of them (Oromia Insurance S.C, Tsehay Industry S.C, and EthSwitch) have begun bearing fruit.

During the year, the Board of Directors has convened several meetings with the aim to making closer follow up of the Bank's operation. To this end, the structure that the Board has put in place (in line with the relevant directives by regulatory body) has remained to be instrumental in discharging collective as well as individual responsibilities. The Board along with the management team has reviewed and approved various new policies and procedures as well as updated the existing ones to cater for the needs of our customers, new developments in the industry and, changes emanating from the regulatory requirements. Board subcommittees and individual members have been actively engaged in these endeavors.

As we look ahead, I am confident that the Board and



the entire employee shall strive to take OIB to a much greater height. We shall give attention to improve the quality of our services, IT solutions, cautiously broadening our geographical presence, focus on FCY generation and mobilizing consistent deposit year-round accompanied by commensurate loans and Advances, sound NPLs management as well as prudently handling expenses and by working on the mind set to bring about a much-elaborated synergy across the bank thereby firmly position OIB among the leading position in our banking industry by most performance measurement parameters.

Finally, on behalf of the Board of Directors, I would like to whole heartedly thank all employees of our Bank at all levels for their dedication in taking OIB to such a remarkable position. I would also like to thank the Executive Management team for their leadership; the Sharia Advisory Committee for their advisory role in the implementation the IFB operations; and the NBE for its continued guidance and support. My sincere appreciation is due to other government organizations such as DARO and regional governments for their cooperation and steady support. My appreciation also goes to the different local Banks and correspondent Banks for their productive partnership and smooth working relationships. I am grateful to TAY & Co. for the professionalism demonstrated in the course of rendering audit and related services to our Bank.

Last but not the least; I am very much pleased to express my sincere appreciation and thanks to our shareholders, customers and partners for their non-stop support and good will that has been vital to the success of our bank. I also extend my deepest gratitude

to the respected Board of Directors for the active role they played in providing the overall direction of the Bank.

In closing, it is worth noting that while we uphold all the remarkable achievements to date as a result of mutual trust and fruitful cooperation demonstrated among shareholders and the Bank, I would like to call upon esteemed shareholders to maintain the agreed schedule in effecting their subscribed capital shares so as to enable the Bank realize the envisioned plan to raise its capital to Birr 3.00 Billion by the end of 2018/19 fiscal year, as per the resolution in our 6th General Meeting of Shareholders.

We strive to fulfill the Bank's mission, while wisely deploying our resources and guided by appropriate policies and strategies and ensuring sound corporate governance, prudent risk management, internal control, accountability and integrity. OIB shall remain to be Peoples' Bank!

Thank You!

Gadissa Bultosa Bery,
Chairperson, Board of Directors
November 4, 2017



SENIOR MANAGEMENT MEMBERS



Obbo Abie Sano
President



Obbo Mergia Diriba
Chief Operating Officer



Obbo Teferi Mekonnen
V/P - Corporate Support



Obbo Tesfaye Basha
V/P - Information Technology



Obbo Wolde Bulto
V/P - Credit & International Banking



Obbo Alemayehu Demise
V/P - Branch Banking



Obbo Berhanu Edae
Chief - Internal Audit



Obbo Ketema Mengesha
Chief - Risk Mgt & Compliance



Obbo Neway Megersa
Director - Strategic Mgt & Business Dev't



Obbo Nuri Hussen
Director - Interest Free Banking Services



SENIOR MANAGEMENT MEMBERS



Obbo Endale Foye
Director - Operations & District
Support Mgt



Obbo Birahanu Gonfa
Director - Procurment &
Facility Mgt



Obbo Gelana Leta
Director - Human Resource Mgt



Obbo Jote Kenate
Director - Accounting & Treasury



Obbo Geleta Bekuma
Director - Electronic Banking



Obbo Fati Haji
Director - IT Modernization
Office



Obbo Tesfaye Dheressa
Director - Credit Mgt



Obbo Faysel Yassin
Director - International Banking
Services



Obbo Tatek Negassa
Director - IT Systems
Operation



Obbo Worku Lemma
Advisor to the President



MESSAGE FROM THE PRESIDENT

It is an honour and deepest feeling to welcome all our respected Shareholders, distinguished invited guests, OIB Management, Staff and the stakeholders to this colourful 8th Annual General Meeting of our Shareholders.

The performance and financial results of our Bank in the fiscal year 2016 /17 we are reporting was resilient in the face of daunting challenges as we were able to register another unprecedented result in most parameters. It witnesses our unwavering commitment to set new heights in our endeavour to maximize the return on shareholders' investment by delivering better value to customers. It is on this note that I present the key highlights of the Global and Local conditions and a review of the performance of our Bank in the fiscal year just ended on June 30, 2017.

The Global growth in 2016/17 was yet lacklustre but recovering slowly from a decade long persisted global financial crisis followed by economic predicament. The economic activity showed slow recovery from

the previous years of economic slump though many measures were taken all over the globe. According to the IMF April 2017 World Economic Outlook report, the Global Economic growth is projected to improve from a 3.1% in 2016 to an estimated 3.5% in 2017 and forecasted to further improve to 3.6% in 2018. Activities are also projected to pick up markedly specially in the emerging market and developing economies.

Economic upset such as weak investment, low commodity prices, and slow-moving trends in demographics and productivity are significant factors to that dawdling pace. Other non-economic factors such as Brexit, geopolitical uncertainties and natural calamities such as drought and the climatic change driven events also may have contributed to a decline in global trade and the overall economic activities of the world.

The developing and emerging economies are relatively the survivors of the global happenings and have been improving in overall economic activities



and demographic developments over the period of 2016/17 fiscal year.

Domestically, the Ethiopian economy continued to grow with higher rate than sub-Saharan African countries average and inflation is kept within a single digit. Agricultural produces which is highly affected by global lower commodity price and the El-Niño's driven drought is still the main sources of hard currency earning of the country followed by in ward remittances. It seems Ethiopian economy is not as such responded to many challenges that the world is facing and to the domestic environmental and political challenges like drought and political instability mainly in Oromia Regional State. Being initiated with the GTP II plan implementation, a good business sentiment is developed across the nation, external security threat is controlled, FDI is improved, industrial parks are developing, and these are the base to estimate that Ethiopian economy will continue growing in the coming years at least at its current growth pace.

Regarding the banking industry, the base of competition has been getting more heap on as banks vie to exert a pull on the already scarce resources available and diversify revenue streams through introduction of new products especially technology based and some unconvincing competition platforms such as extending working hours of bank branches, prize-linked sales promotion for resource mobilization campaigns by some banks is escalating the operation costs of banks which is already jumping above the rate of the growth in revenue in the industry.

On the other hand, investment on new products, technology, service channels, and talent has soured as banks thrive with market share and growth. The industry is paying dearly for market expansion as rental costs are skyrocketing. Banks are still engaged in aggressive branch expansion strategy which has improved accessibility of financial services which can be taken as positive note, of course. Hence, as mentioned by our chairperson, the fight on basic resources—Deposit, FCY, Skilled HR and Branch Office was stern during the fiscal year more than before.

Dear respected Shareholders and stakeholders; OIB managed to register pleasing results in the midst of global and local economic odds and kept the momentum of its success story and more consistency. The Bank's total asset has grown to Birr 16.3 billion while the deposit balance has reached Birr 13.4 billion both growing at about 44% compared to its base year positions. Loans and Advances and IFB Financing grew

to Birr 8.23 billion up by 43% from last year position.

The total foreign currency generated by our Bank, during the fiscal year was USD 220 million showing a slight decline by a little more than 1% from last year's similar period performance mainly affected by weak national FCY generation performance due to stagnation of export growth and illegal currency trading which is expanding from time to time seriously hitting remittances. Our FCY earning from export has shown over 16% growth showing OIB's bright future as it contributes over 69% towards its FCY earning.

During the year, Our Bank registered a total income of Birr 1.49 billion growing at a rate of 28% compared to previous year's same period. In the same period, the Bank has incurred a total expense of Birr 1.12 billion to generate that revenue, showing a growth rate of 33%. The aforementioned fierce competition in the market for basic resources has caused skyrocketing rental expense of branches, increased employees' pays, heightening interest rate and other investments which together resulted in expenses growing at faster rate than revenues. Nevertheless, the good news for OIB is that the negative gap between revenue and expenses growth has significantly been reduced to below 5% from what was over 14% the previous year mainly as a result of the concerted and conscious effort by the Management and the Board of Directors to control the rising expenses at its optimum level and will continue to do so in the periods to come. OIB, however, concluded the 2016/17 fiscal year operation with profit before tax of Birr 378.7 million, higher than last year by Birr 53.7 million or 17%, which once again corroborates the Bank's steadiness and strength.

We are revamping processes and systems, and are taking the Bank closer to our customers. During the year under review, we opened 23 new branches in Finfinne and Regional States in a bid to become more accessible to the public at large and raised the total number of OIB branches to 223 which is a significant milestone in view of the fact that our Bank was in business for only less than nine years yet. A very good news to all our stakeholders was that we have managed to introduce three more banking channels which are in full swing during the ended fiscal year—Oro-agent banking services with over 36 agents recruited, Oro-cash our mobile banking services with over 3,119 accounts so far, and Oro-Card Banking services with over 22 thousand cardholders and over 160 thousand transactions through our 29 ATMs installed at selected business locations. To further



make our technologies resilient and efficient, OIB has heavily invested on its new state of the art data centre and disaster recovery, both at commissioning stage and also working hard on revamping our other IT services through our IT Modernization Project that hopefully will be completed in the following fiscal year.

The total staff of OIB by the end of June 2017 reached 3,066 showing an increase of 6.46%, which is an addition of some 186 on last year's number of 2,880. Since establishment, human resource development has also been one of the strategic attention of the Bank. To this effect, in the just ended financial year, various trainings were offered to 3,840 employees on a number of topics both locally and overseas to beef up their capacity and there by boost efficiency.

What we achieved in the fiscal year was attributed to the unwavering support of our stakeholders. Taking this opportunity, I would like to thank our shareholders, customers and partners for bestowing their confidence on us. I am highly indebted to the guidance and support of the Board of Directors which has been incredible for our accomplishment and I owe them my heartfelt appreciation in front of our respected shareholders. I am also grateful to the National Bank of Ethiopia, Financial Intelligence Centre, and AABEE for their continued guidance and unrelenting support. Despite some challenges we may face at some lower levels, the understanding and support from the executives of Ethio-telecom

and Ethiopian Electric Power was enormous for which I thank them a lot. The confidence we have got from the world renewed correspondent banks in general and the Citibank Group and Commerzbank in particular and their contribution for the success of our business was invaluable for which we are highly grateful and we are also confident that our mutual trust and relationship will flourish forward. The mutual understanding and good relationship with local banks, business partners such as ECX, Insurance Companies and all other business partners not mentioned here was enormous for which I thank all and wish to get their continued good will forward for our mutual benefits. I would also wish to express my sincere gratitude to our Management and the entire staff for their dedication and support throughout 2016/17 and I count on their continued commitment in achieving the Bank's envisioned transformation that we have vowed to realize our motto of being "Peoples' Bank".

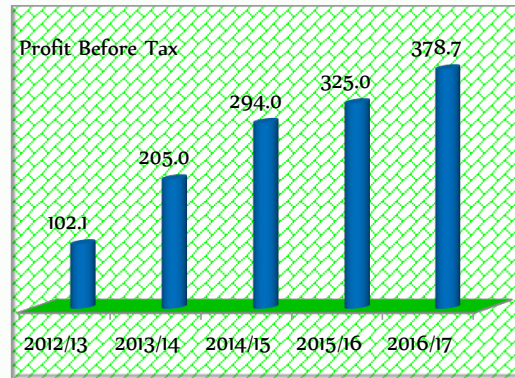
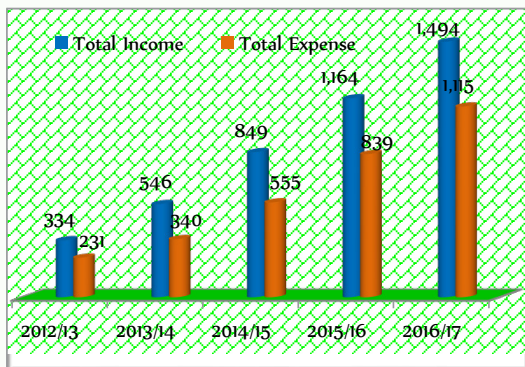
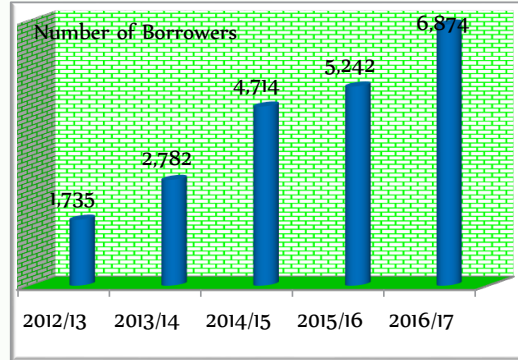
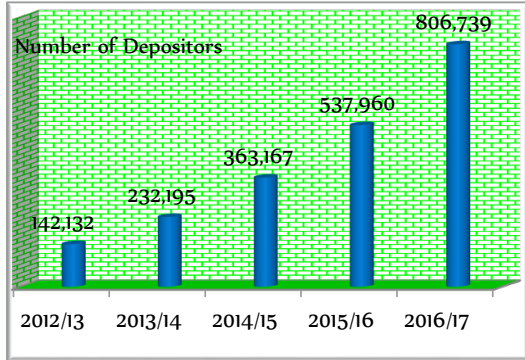
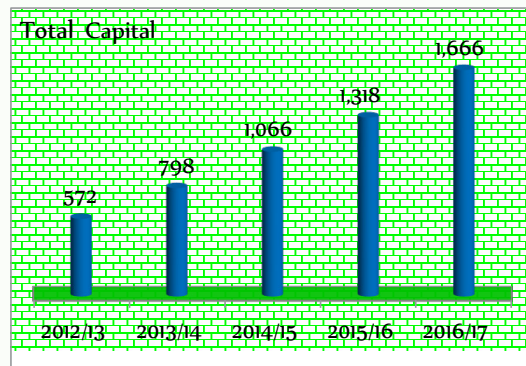
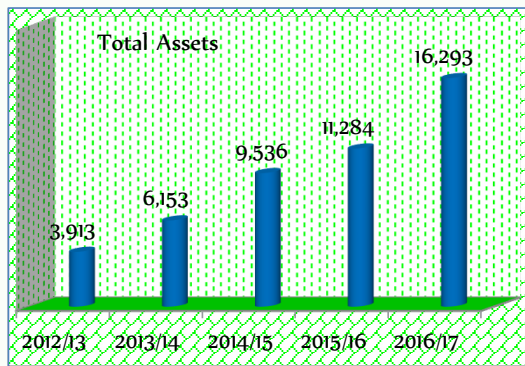
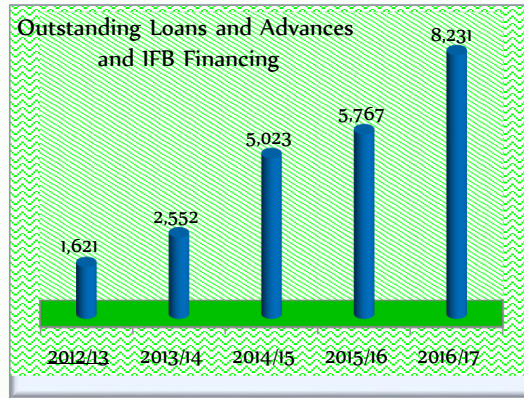
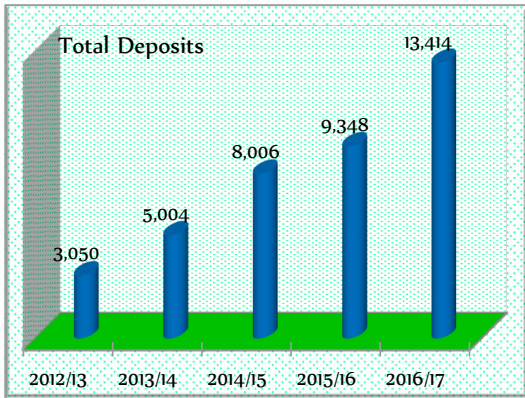
I thank you and welcome once again!

Abie Sano
President, OIB
November 4, 2017



KEY PERFORMANCE INDICATORS, AS OF JUNE 30, 2017

13.41B Deposit	▲ 44%	8.23B Conventional+IFB Financing	▲ 43%	\$220M FCY generation	▼ -1%
1.49B Income	▲ 28%	1.12B Expense	▲ 33%	378.7M Profit	▲ 17%
16.29B Asset	▲ 44%	1.67B Total Capital	▲ 26%	223 Branch Net work	▲ 12%
3.42B NBE Bill	▲ 44%	3,066 Staff	▲ 6%	278 Earnings per share	





BOARD OF DIRECTORS' REPORT

With great pleasure and honour the Board of Directors of Oromia International Bank S.C hereby presents the Annual Performance Report as well as Audited Financial statement of the Bank for the year ended 30th June 2017 to the 8th Annual General Meeting of its Shareholders as follows:

1. OPERATIONAL PERFORMANCE HIGHLIGHTS

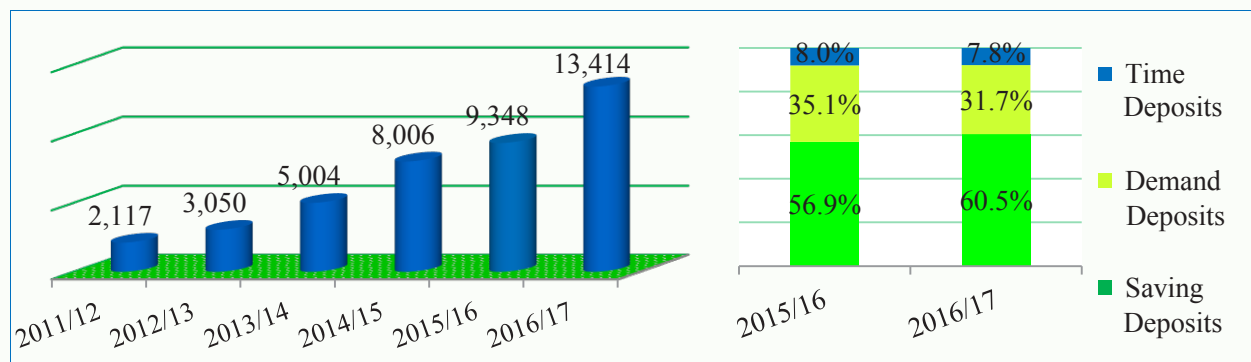
Despite the adverse impact of international challenges like El Niño driven drought, lower commodity price, and throat-cut competition and political instability in the domestic market, Oromia International Bank S.C. (OIB) registered remarkable achievements in its key performance indicators. The Board of Directors and the Management of OIB with the entire staff and the stakeholders are wielding their maximum effort to with stand the competition in the Ethiopian Banking Industry. Drawing basic and important lessons from previous years' experience and challenges, the Board of Directors and the Management had been striving in paving the way to achieve the objectives, mission

and vision of the Bank throughout the reporting period. Consequently, this part of the report presents the high level performance of the year with emphasis on achievements, challenges, and future over all directions of the business of the Bank for the year ended June 30, 2017.

1.1 Deposit Mobilization

Understanding the indispensable role of deposit as a major source of funding in banking business, OIB continued mobilizing varieties of deposits as always during this reporting year. Subsequently, the corporate total deposit of the Bank has reached Birr 13.41 billion which is Birr 4.06 billion incremental (44%) from last year same period of Birr 9.35 billion.

Chart 1: Total deposit composition and the aggregate growth trend



Regarding the total deposits portfolio composition, the Bank has continued to maintain saving deposits as its primary source with 60.50% followed by 31.69% of demand deposit and 7.80% of fixed time deposit. In line with the total deposit amount, the customer base is also widened by a huge 50% from the preceding year and reached more than 806,000.

Accordingly, the average size of the bank's deposits is about Birr 16,630 per depositor that reflects high public confidence and assuring "Peoples' Bank" motto is working for OIB.



Table 1: Break down of deposit by type

Deposit by type	Amount in Million of Birr		Growth	Share	
	2016/17	2015/16		2016/17	2015/16
Saving Deposits	8,115.57	5,322.41	52.48	60.50	56.94
Demand Deposits	4,252.26	3,278.31	29.71	31.69	35.07
Fixed Deposits	1,046.29	747.01	40.06	7.80	7.99
Total	13,414.13	9,347.73	43.50	100	100

1.2 LOANS AND ADVANCES INCLUDING IFB FINANCING

Parallel to the boosting resources mobilization, the total lending of OIB channelled to various economic sectors has grown by 42.71% and reached Birr 8.23 billion over the year as of June 30, 2017 from last year similar period balance of Birr 5.77 billion. OIB has been in the forefront in terms of credit decision and delivery, with balanced related credit risks. Sector wise diversification along with large number of borrowers has continued to show the remarkable strategic move of the management.

By its loans and advances, OIB has reached all sectors of the economy despite difference on the share of the sectors. Regarding, the composition of credit and financing, domestic trade and services (DTS) is taking the highest share of 32.44% of the total loan portfolio followed by export 20.02% share, housing and construction 11.56%, import 10.05%, hotel and tourism 7.63%, transport and communication 5.90% and industry 5.57% share during the year.

Table 2: Loans and Advances including IFB financing by Economic Sector

Loan By Economic Sector	Amount in Minnion		Growth	Share	
	2016/17	2015/16		2016/17	2015/16
Domestic Trade and Services	2,669.86	1,755.52	52.08	32.44	30.44
Export	1,648.14	1,141.85	44.34	20.02	19.80
Housing and Construction	951.54	670.96	41.82	11.56	11.63
Import	826.90	455.98	81.34	10.05	7.91
Hotel and Tourism	628.24	497.92	26.17	7.63	8.63
Transport and Communication	486.00	466.00	4.29	5.90	8.08
Industry	458.40	342.58	33.81	5.57	5.94
Personal and Mortgage Loans	337.61	253.33	33.27	4.10	4.39
Agriculture	217.18	169.94	27.80	2.64	2.95
Financial Institution	6.62	11.34	(41.64)	0.08	0.20
Mines. Power & Water Resources	-	1.76	(100.00)	0.00	0.03
Total	8,230.50	5,767.18	42.71	100	100



1.3 FOREIGN CURRENCY GENERATION

The total foreign currency generated by International Banking functions of OIB, as at June 30, 2017 was USD 219.84 million showing a slight decline by 1.36% from last year's similar period performance.

Out of all sources, the FCY mobilized from export took the lion's share (69.44%) followed by incoming transfer (28.14%).

Similar to the past few years, the Foreign Currency market is still encountering various impediments and continued to be one of the challenges of the banking business in Ethiopia due to the low price of primary

commodities in international market on which the country is depending for its export revenue, exporters hoarding in expectation of international market price improvement and the declining trend of foreign remittance which has got a cumulative effect of the underperformance of national FCY generation target and even that of last year national performance.

The performance of OIB followed the same trend with that of the national FCY generation and slightly underperformed the target and actually what is achieved last year the same period.

Table 3: Breakdown of Foreign currency generation

Foreign Currency Generation	Amount in Million		Growth	Share	
	2016/17	2015/16		2016/17	2015/16
Export	152.66	131.38	16.19	69.44	58.95
Incoming Transfer	61.85	78.77	(21.47)	28.14	35.34
Purchase	4.28	12.42	(65.53)	1.95	5.57
Forex Dealing	1.05	0.30	250.00	0.48	0.13
Total	219.84	222.87	(1.36)	100	100

2. FINANCIAL PERFORMANCE

2.1 INCOME

OIB earned an aggregate income of Birr 1.49 billion by the end of the financial year 2016/17, which is grown by 28.41% from the preceding year similar period performance.

As for the income composition of the Bank, the lion's share of the income contributed from Interest Income

of conventional banking and revenue earned of IFB which constitutes 68.25% followed by commission income 12.42%, Service Charges 9.45%, gain on foreign currency dealings and holdings 7.88%, and other income 2.00% as at end of June 30, 2017.

Table 4: Income composition for the financial year ended June 30, 2017

Income By Type	Amount in Million of Birr		Growth	Share	
	2016/17	2015/16		2016/17	2015/16
Interest Income + Murabaha Financing Income	1,019.68	796.50	28.54	68.25	68.45
Service Charges	185.61	173.10	34.06	12.42	14.88
Commission Income	141.13	74.64	34.06	9.45	6.41
Gain on Foreign Dealings	117.81	93.41	24.34	7.88	8.03
Other Income	29.84	25.91	(21.47)	2.00	2.23
Total	1,494.07	1,163.55	28.41	100	100



2.2 EXPENSE

In 2016/17 budget year, the total expenses of OIB ascended to Birr 1.12 billion, exhibiting 33.02% upsurge over the previous year's level of Birr 838.51 million. This increasing expense is mainly driven by employees' salary and benefit which constituted 37.78%

followed by general and administrative expenses 32.75% and interest expenses 29.47% during the financial year under review.

Table 5: Composition of Expense by type as of June 2017

Expense by Type	Amount in Million		Growth	Share	
	2016/17	2015/16		2016	2015/16
Salary & Employee Benefits	421.38	313.68	34.33	37.78	37.41
General & Administrative Expense	365.26	288.07	26.80	32.75	34.36
Interest Expense	328.75	236.75	38.86	29.47	28.24
Total	1,115.38	838.51	33.02	100	100

2.3 PROFIT

For the fiscal year 2016/17, net profit before tax and after tax of the Bank, after provisions are held for the possible bad debts, were Birr 378.68 million, and 290.20 million respectively. In this regard the Bank has shown a percentage growth of 16.52% profit before tax and 16.88% in net profit after tax.

2.4 RETURN ON ASSET AND PAID CAPITAL

Return on asset (ROA) expressed as the ratio of profit before tax to average assets of OIB is 2.75% during the financial year 2016/17, while return on equity (ROE) expressed as the ratio of profit before tax to average equity is 25.38%. These ratios basically measure management efficiency in utilization of assets and equity in converting to profit and the higher the ratio is the better the performance is likely. Moreover, the net profit margin of the Bank (net profit after tax divided by total income) is 19.42% for the year ended June, 2017. Likewise, earning per share of the Bank (net profit divided by average number of shares outstanding) is Birr 278 indicating a single share with par value of Birr one thousand earned a return of Birr 278 before appropriate legal reserves of the financial year.

2.5 Distribution of Net Profit

Having made appropriate deductions (Birr 90.32 million provision for profit tax and Birr 1.85 million differed Tax asset/liability), OIB has secured net profit of Birr 290.20. The Board of Directors, therefore,

requests the General Assembly to endorse 25% of the net profit which is Birr 72.55 million to be kept as legal reserve and the remaining 75% of net profit which is Birr 217.65million to be paid out as dividend for shareholders.

3. CAPACITY BUILDING

3.1 HUMAN RESOURCES

The total staff of OIB by the end of June 2017 reached 3,066 showing an increase of 6.46%, which is an addition of some 186 on last year's number of 2,880. Since establishment, human resource development has also been one of the centres of attention of the Bank. To this effect, in the just ended financial year, various trainings were provided to 3,840 employees on a number of topics to build up their capacity and thereby boost efficiency, productivity and customer services. In the same year, some of the senior management of the Bank has also got an exposure of overseas training for betterment of the leadership of the bank.

Besides, OIB has made significant change on basic salary scale and is now among the leading in the industry in this regard.

3.2 INFORMATION TECHNOLOGY

It is evident that OIB has given due attention to state-of-the-art information technology believing that it is



unthinkable to provide modern and reliable banking services in this digital world without reasonable attention to the technology aspect of the business.

Almost all branches of the Bank are networked by core banking system. To catch up with the proliferation of new technologies, OIB has launched new project to upgrade its infrastructures and systems. Full and secured data centre is also underway to further elevate utilization of information technology.

Our Electronic banking services are now operational. Card, mobile and agent banking are now in full swing with round-the-clock services while Internet banking is under implementation.

3.3 EXPANSION OF BRANCHES

During the just ended financial year, the total number of OIB branches reached 223. The Bank opened 23 new branches in Finfinne and Regional States in a bid to become more accessible to the public at large. Apart from accessing bank services, OIB is in a leading position to create job opportunities for citizens. Furthermore, the Bank is making contribution to the national economy as it massively expands its branches across the country.

4. FUTURE PLANS

Oromia International Bank S.C is striving to realize its vision of 'To Become the Bank of Your First Choice' in the years ahead by providing up-to-date banking services through employing state-of-the-art banking technologies and developing well trained and competent staff. Our Bank has already introduced E-banking services branded as 'Oro Electronic Banking' which comprises Oro-cash (Mobile banking), Oro card (ATM and POS), Oro Agent that provides banking services through OIB Agents and will soon launch Oro-click(Internet banking) services.

Besides, OIB is currently engaged in various projects, one of which is IT infrastructure and system upgrading which is believed to bring about fast and prompt banking operation and curbs the recurrent system interruption. Moreover, recently introduced new products, services with Oro brands will be rolled out to boost OIB's customer base and returns.

In the coming years, OIB will be fully IFRS compliant with new international financial reports that will bring new changes on asset recognition and measurement. This will enhance transparency and reliability of financial reports.

We are also intensively working on fund mobilization, market share and other operational areas amid fierce competition we witness in the industry, today. Most of all, OIB will give special focus on foreign currency generation which is becoming a major challenge to the industry in general, due to several international and local factors.

Furthermore, OIB will continue with accessing bank services to the society at large by opening branches and sub-branches closer and closer to the vicinity of the customers. This expansion will also assist deposit mobilization effort and enables to increase the number of customers/account holders which will have a potential of developing loyal customer across the nation.

Our Bank will soon undertake the construction of future headquarters complex at financial hub of the City while certain preconditions are being fulfilled to get lands at regional and zonal towns for branch offices as well as to have well-furnished and modern training centre in Oromia Special Zone around Finfinne.

5. INTEREST FREE BANKING (IFB) PERFORMANCE

Under this section OIB's IFB window financial and operation performance is separately presented even though it was already included in the corporate figures.

The financial performance of IFB window is separately presented in detail in the External Auditor's Report part in line with principles of IFB services sharia compliance which is attested by our Sharia Advisory Committee (SAC).

In Ethiopian banking history, OIB is well recognized for its pioneering of IFB services. Not only introducing but also the bank has managed to grasp the resources from this business line by satisfying the needs of IFB customers. Currently, the bank has expanded its operation in more than 200 branches and hosting experienced employees in the industry mainly through provision of trainings. In this regards, we had managed to introduce many products than any other competitors like Mudarabah Investment Deposit services and on the virtue of introducing Hibah (gift) for IFB depositors. We have realized that the potential that exist in the market as well as the remarkable achievements that we have registered in this regard is the spring force for us to be committed and further our work in meeting our IFB customers' needs.



5.1 IFB FUND MOBILIZATION

The total IFB window deposit has reached Birr 2.19 billion by showing huge increment of 75.47% for the reporting year ended June 30, 2016/17. Although, IFB service is newly introduced for Ethiopian banking

industry by OIB as indicated above, it constitutes 16.36 % of our consolidated corporate deposit portfolio from 13.38% share of last year performance showing progressive market share again.

Table 6: IFB Deposit breakdown by type

IFB Deposit By Type	Amount in Million		Growth	Share	
	2016/17	2015/16		2016/17	2015/16
Wadiha S/A	1,357.83	716.09	89.62	61.86	57.25
Amanah D/A	644.28	378.02	70.44	29.35	30.22
Special Saving Deposit	164.20	138.92	18.20	7.48	11.11
Mudarabah Investment	27.98	17.64	58.56	1.27	1.41
Labbeika	0.63	0.18	250.67	0.03	0.01
Total	2,194.91	1,250.85	75.47	100	100

5.2 IFB FINANCING

IFB total financing disbursement to all sectors of the economy has reached over Birr 1.05 billion during the fiscal year ended June 30, 2017. During the reporting year, IFB financing has shown a huge growth of 107.33% compared to last year performance even though the amount is very low as compared to the fund mobilized

in which we need to work more in the future. At the end of the reporting period, IFB financing proportion has reached 12.82% of the total corporate consolidate loans and advances from its 8.82% proportion of last year showing a positive progression.

Table 7: Composition of IFB financing by sector

IFB Finacing By Economic Sector	Amount in Minnion of Birr		Growth	Share	
	2016/17	2015/16		2016/17	2015/16
Interest Free Export Facility (Quard)	313.82	80.43	290.19	29.75	15.81
Domestic Trade and Services	284.10	123.28	130.45	26.93	24.23
Import	154.61	80.99	90.90	14.66	15.92
Transport and Communication	97.27	87.39	11.30	9.22	17.18
Construction	84.66	27.93	203.06	8.02	5.49
Industry	65.81	66.71	(1.35)	6.24	13.11
Agriculture	38.00	29.93	26.97	3.60	5.88
Hotel and Tourism	13.53	12.17	11.18	1.28	2.39
Consumer and Personal Loan	3.15	-	-	0.30	0.00
Total	1,054.96	508.84	107.33	100	100



5.3 IFB FOREIGN CURRENCY GENERATION

Interests free banking has generated USD 38.4 million in 2016/17 demonstrating a growth of 47% from last year similar period USD 26.42 million. It holds 17.5% from the total corporate FCY generation and 24% from total FCY generation.

5.4 IFB INCOME

IFB window generated a total of Birr 160.19 million indicating a vigorous growth of about 180.95% from last year amount of Birr 57.02 million. Out of the total corporate consolidated income, IFB income constitutes 10.72% showing promising opportunities in which income from financing took a big share of 68% followed by service charges 18.90%, commission income 12.88% and other income 0.21%.

Table 8: Composition of IFB Income by type for the period ended June 2017

IFB Income	Amount in Million of Birr		Growth	Share	
	2016/17	2015/16		2016/17	2015/16
Income From Muaraba Financing	108.94	33.15	228.63	68.00	58.14
Service Charges	30.27	17.81	69.96	18.90	31.24
Commission Income	20.64	5.86	252.35	12.88	10.27
Other Income	0.34	0.20	72.55	0.21	0.35
Total	160.19	57.02	180.95	100	100

5.5 IFB Expenses

On the other side, for the reporting year 2016/17 the expense on the wing of IFB reached Birr 28.26 million showing 57.53% annual growth in which 61.39% is from provision for possible bad debts of IFB financing amounting Birr 17.35 million followed by salary and benefit 28.00%, loss on FCY 5.91%, profit sharing on unrestricted mudharabaha investment 3.18% and general and administrative expense 1.52%.

Table 9: Composition of IFB expense by type of June 30, 2017

IFB Expense	Amount in Million		Growth	Share	
	2016/17	2015/16		2016/17	2015/16
Provision for IFB Financing	17.35	17.09	1.52	61.39	95.26
Salary and Benefit	7.91	-	-	28.00	0.00
Loss on Foreign Exchange Holding	1.67	0.66	153.03	5.91	3.68
Profit Sharing on Unrestricted Mudharabah Investment	0.9	0.18	400.00	3.18	1.00
General and administrative Expense	0.43	0.01	4200.00	1.52	0.06
Total	28.26	17.94	57.53	100	100



5.6 IFB PROFIT

During the year 2016/17, IFB has generated profit of Birr 131.93 million demonstrating a significant growth of 237.62% from last year generation of Birr 39.08 million. IFB profit contributes 34.81% to the corporate profit of the Bank.

5.7 Expansion of IFB Window and Customer Base

Being as a forerunner of the product, OIB is giving IFB services in almost all of its branches, 219 out of 223. All the branches are currently providing all the IFB products for their customers. In view of this, IFB customers base are dramatically increasing from time to time in which it has reached 167,451 at the end of June 2017 from its last year customer base of 97,530 as of June 2016. This is a clear indication of the large public confidence and interest that they have on OIB's IFB services for which we are dedicated in offering the products that best suits our esteemed customers' interest.

5.8 Product Development, Asset mgt& Logistics and SAC Performance in brief

The product development division has organized customer sessions, developed brochures & fliers and commented on IFB-advertisement scripts to raise customers' awareness during the budget year. Besides, criterions are set for selecting model branches for expanding the good practices from model branches to all OIB branches.

Goods/Assets worth of Birr 647,035,000(Six Hundred forty Seven Million Thirty Five Thousand) of various types are purchased and transferred to the clients through Murabaha through our Asset Management & Logistics unit to maintain Sharia Compliance of Financing. Further, it has prepared many unique and difficult contracts to cover the multi financing needs of clients through the current Murabaha financing philosophy.

The SAC has been ensuring the Sharia compliance of all IFB-dealings by committing all their time and knowledge. Consequently, it has provided many solutions (Fatwa) on critical issues the IFB has been facing.



Events of the Bank during the year



Shareholders Meeting



Management Meeting



E-banking services Training for Branch Managers



Exporters' Day

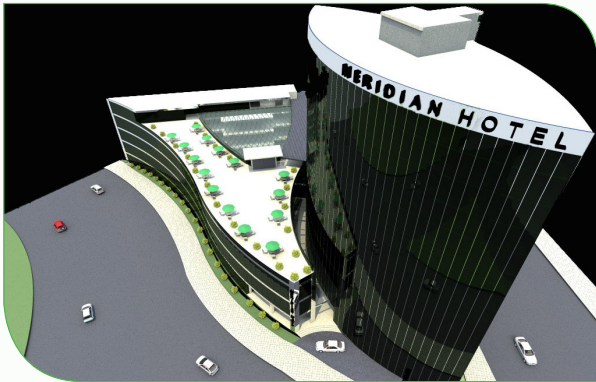




Projects Financed



RAMADA Addis Hotel



Meridian Hotel

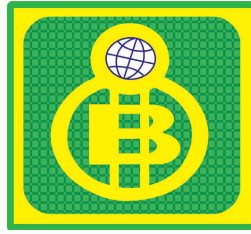


Hope Wheat Flour Factory

Corporate Social Responsibility



OIB donated 2.3 million Birr for drought stricken citizens



Oromia International Bank S.C

Shariah Advisory Committee (SAC) Statement for the Fiscal Year Ended June 30, 2017



Sheik Saleh Nur Ahmed
SAC Chairperson



Sheik Mukhtar Khadir Al-Faqih
SAC Member



Sheik Aman Hussein Kabato
SAC Member

Dear Messrs/Shareholders of the Oromia International Bank,

Pursuant to the Oromia International Bank S.C Corporate Governance Framework and its provisions related to Interest Free Banking Window, and in accordance with the Bank's Sharia Advisory Committee Charter, the SAC presents the following report:

Interest Free Banking Window offers a wide range of deposits, financing and various banking products and services comparable to other banking services in Oromia International Bank (S.C), irrespective of race, religion or company.

As Shariah Committee of the Bank, we have given our highest dedication to ensure best quality and demonstrated commitment to Shariah compliance in the products, process, documentations, marketing, IT systems and other related matters applications by the Bank during the fiscal year ended on 30 June 2017. Besides regular banking businesses, the Shariah Committee also supports the development of other Shariah based products and services initiated by Bank namely Zakah Fund Management and Awareness creation to fulfill the needs of the Ummah at large.

The Bank's management holds the responsibility of implementing its transactions according to the rules of the Islamic Sharia, whereas our responsibility is limited to expressing an independent opinion based on our monitoring of the Bank's transactions and issuing a report to you.

Interest Free Banking Window has able to mobilize 16% of Deposit, 17.5% of Foreign Currency and 34% of Income before tax of corporate performance of the Bank at this budget year ended 30 June 2017. Thus, we hope and anticipate that IFBW will continue to become more relevant in this increasingly challenging industry while upholding the Shariah implementations and applications and business without undermining the never ending quest for the ultimate goal of addressing banking the unbanked, serving the missing middle and accommodating all those who are far from banks due to their uncompromised belief. Hence, Interest Free banking is no longer an alternative but has already proved or become a primary banking business in OIB.

Our monitoring comprised examining the documentation and the procedures followed by the Bank on the basis of testing each type of transactions. We have planned and implemented our monitoring in order to obtain all the information and interpretations that we deemed necessary to provide us with sufficient evidences to give reasonable assurance that the Bank did not violate Sharia rules and principles.

Based on our review, during the year the Bank primarily used Murabahah Financing, Interest Free Exporting Financing Facility; Mudharabah Investment Account in addition to its various types of opened deposit accounts (Wadia, Amanah and Labbaik-Wadia).



Our Opinion:

- The contracts, operations and transactions concluded by the Bank during the year ended on 30 June 2017, which we reviewed, were conducted according to the Sharia rules and principles.
- The profits distribution and loss allocation to the investment accounts complies with the principle adopted according to the Sharia rules and principles.
- All amounts devolved to the Bank from sources or realized from sources like penalties or by means that do not comply with the Sharia rules and principles were not incorporated in the Bank's revenues and are placed and reported separately for charity purposes.
- The responsibility of paying Zakat falls on the shareholders. The Bank's management is not authorized to pay Zakat directly, as there is no law to that effect, and the Bank's Articles of Association do not stipulate such an action nor do the decisions of the General Assembly or the shareholders' authorization.

Therefore, the shareholder shall pay the Zakat of his/her shares when the Sharia conditions and controls of Zakat apply, while considering the following:

- If the intention upon purchasing shares or subscribing for shares is trading, then he should

pay the Zakat of the market value of shares and dividends.

- If the intention upon purchasing shares or subscribing for shares is collecting profits and not trading, then he should pay the Zakat of the dividends in addition to the Zakat assets of his shares in the Bank through inspection and assessment.

Finally, we would like to extend our warmest congratulations to the Board of Directors and the Management of OIB for their genuine concern and strong passion to ensure not only the productivity and profitability of Interest Free Banking Window, but also to assure the dictates and requirements of Shariah are properly observed and adhered to. Certainly, we are very thankful and proud of such cooperation received, especially from the Management and generally from the staff, in providing the Shariah Committee with adequate information and materials in ensuring our deliberations on each issue would be resolved accordingly. We also would like to congratulate Interest Free Banking Department for the successful products launched, commitment to the Sharia principles implementation and best performance in proving the economic benefit of Interest Free Banking and fulfilling the mission and vision of OIB.

Thank you!

Sheik Saleh Nur Ahmed
SAC Chairperson

Sheik Mukhtar Khadir Al-Faqih
SAC Member

Sheik Aman Hussein Kabato
SAC Member



AUDITOR'S REPORT



TAY & Co.

Chartered Certified Accountants & Authorized Auditors
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INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF OROMIA INTERNATIONAL BANK SHARE COMPANY (S.Co.)

Report on the financial Statements

We have audited the accompanying financial statements of Oromia International Bank S.Co., which comprise the balance sheet as at 30 June 2017, and the related income statement, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Oromia International Bank S.Co as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

We have no comments to make on the report of the Board of Directors of the Bank in so far as it relates to these financial statements and pursuant to Article 375 of the Commercial Code of Ethiopia 1960 recommend approval of these financial statements.

TAY & Co.
Chartered Certified Accountants
and Authorized Auditors



Addis Ababa
August 17, 2017



Oromia International Bank S.C.
Consolidated Balance Sheet
As at 30 June 2017

	Notes	Birr	2016
Assets			
Cash and Bank Deposits	3	3,319,313,670	2,148,247,295
Other Assets	4	906,252,582	491,635,293
Loans and Advances (net)	2(e),5	7,041,785,113	5,165,747,723
Interest Free Financing	6	1,021,802,609	491,753,348
Investment in NBE Bills and Bonds	7.2	3,415,048,000	2,379,640,000
Property, Plant and Equipment (net)	9	483,188,181	506,291,437
Acquired Properties		23,828,342	16,213,864
Deferred Charges (net)	2(d),8	17,659,423	19,683,562
Investments in Other Companies	7.1	64,029,000	62,376,358
Total Assets		16,292,906,921	11,281,588,879
Liabilities			
Customer Deposits	10	13,414,128,630	9,347,730,211
Margin Held on Letter of Credit	11	652,114,184	124,691,881
Other Liabilities	12	469,910,452	414,878,444
Deferred Tax Liability	28	956,047	2,801,270
Profit Tax Payable	26	90,138,987	73,668,445
		14,627,248,299	9,963,770,250
Capital			
Paid up Capital	13	1,167,821,000	921,447,000
Share Premium		7,693,740	7,693,740
Legal Reserve	14	275,358,799	202,807,860
Retained Earnings	5	214,785,083	185,870,028
Total Capital		1,665,658,622	1,317,818,628
Total Liabilities and Capital		16,292,906,921	11,281,588,879

Ato Gadissa Bultosa
Chairman of the Board of Directors



Ato Abie Sano
President





Oromia International Bank S.C. Consolidated Income Statement For the Year Ended 30 June 2017

Income	Notes	Birr	2016
Interest Income	15	910,745,724	763,348,889
Income From Murahabah Financing		108,935,034	33,148,044
Commission Income	16	141,128,365	74,641,215
Service Charges	17	185,612,033	173,095,006
Other Income	18	29,840,534	25,912,798
Gain on Foreign Currency	19	117,805,916	93,405,072
		1,494,067,605	1,163,551,024
Expenses			
General Expenses	21	299,915,649	232,881,911
Interest Expenses	22	328,746,684	236,753,919
Salaries & Benefits	23	421,376,797	313,682,298
Profit Sharing on Unrestricted Mudharabha Investment		903,531	179,071
Provision for Loans & Advances	2(e)	41,164,948	31,990,977
Provision for Murahabah Financing		16,068,873	17,087,826
Provision for Other Assets		2,045,874	841,268
Audit Fee		149,500	126,500
Directors Allowance	24.1	579,000	272,000
Loss on Foreign Currency and Other Charges	20	4,433,990	4,689,393
Total Expenses		1,115,384,844	838,505,164
Profit before Tax		378,682,761	325,045,860
Provision for Profit Tax	25	(90,324,230)	(73,799,059)
Deferred Tax Assets/ Liabilities		1,845,223	(2,929,901)
Profit after Tax		290,203,754	248,316,900
Transfer to Legal Reserve		(72,550,938)	(62,079,225.10)
Net Profit after Tax & Legal Reserve		217,652,815	186,237,675
Directors' Share on Profit	24.2	(1,086,667)	(367,647)
Retained Earning for the Year		216,566,149	185,870,028
Earning per Share of Birr 1,000	29	278	310

Ato Gadissa Bultosa
Chairman of the Board of Directors



Ato Abie Sano
President





Oromia International Bank S.C.

Consolidated Cash Flow Statement

For the Year Ended 30 June 2017

	Birr	2016
Cash Flow From Operating Activities		
Net Profit for the year	378,682,761	325,045,860
Adjustment for:		
Depreciation and Amortization	99,975,574	69,894,743
Prior Period Adjustment	(1,781,065)	-
Provision for Loans and Advances	41,164,948	31,990,977
Provision for Murahabah Financing	16,068,873	17,087,826
Provision for Other Assets	1,372,556	841,268
Fixed Assets Adjustments	1,711,369	26,480
Gain on Exchange Rate Fluctuation and Forex Dealings	(117,805,916)	(92,750,253)
Cash Flow From Operation before Changes in Working Capital	419,389,100	352,136,901
Decrease (Increase) in Loans & Advances excluding Provision	(1,917,202,338)	(491,164,198)
Decrease (Increase) in Interest Free Financing excluding Provision	(546,118,135)	(252,690,306)
Decrease (Increase) in Other Assets	(414,617,289)	193,502,295
Decrease (Increase) in Acquired Properties	(7,614,478)	4,431,473
Increase (Decrease) in Deposits	4,066,398,420	1,341,736,175
Increase (Decrease) in Margin Held Account	527,422,303	(43,568,674)
Increase (Decrease) in Other Liabilities	11,966,187	79,866,339
Cash Generated From Operation	2,139,623,769	1,184,250,005
Profit tax Paid	(73,668,445)	(70,851,246)
Withholding Tax Paid	(185,243)	(130,614)
Net Cash flow from Operating Activities	2,065,770,081	1,113,268,145
Purchase of Fixed Assets	(66,485,612)	(390,896,201)
Investment in Deferred Charges	(10,073,937)	(7,050,872)
Investment in NBE Treasury Bills	-	-
Special Fixed Time Deposit with NBE	-	-
Investment in Shares	(1,652,642)	(610,358)
Investment in NBE Bills	(1,035,408,000)	(448,006,000)
Net Cash flow from Investing Activities	(1,113,620,191)	(846,563,431)
Cash Flow From Financing Activities		
Dividend Paid in Cash	(42,179,270)	(23,039,805)
Directors' Shares on Profit	(1,086,667)	(367,647)
Share Capital Collected net dividend Capitalized	144,376,506	137,335,773
Share Premium Collected	-	-
Net Cash flow from Financing Activities	101,110,570	113,928,321
Effect of Exchange Rate Fluctuation & FOREX Dealing	117,805,916	92,750,253
Changes in Cash and Cash Equivalents	1,171,066,375	473,383,289
Cash and Cash Equivalent at the Beginning of the Year	2,148,247,295	1,674,864,006
Cash Balance at the end of the year	3,319,313,670	2,148,247,295

Ato Gadissa Bultosa
Chairman of the Board of Directors



Ato Abie Sano
President





Oromia International Bank S.C. Statement of Changes in Equity For the Year Ended 30 June 2017

Currency: Ethiopian Birr

	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Total Capital
Balance as at 1 July 2015	678,695,065	7,693,740	140,728,635	165,806,026	992,923,465
Collection from Subscribed Shares	137,335,773	-	-	-	137,335,773
Dividend Capitalized	105,416,162	-	-	(105,416,162)	-
Dividends Retained	-	-	-	(37,350,058)	(37,350,058)
Dividend in Cash	-	-	-	(23,039,805)	(23,039,805)
Profit for the Year	-	-	-	248,316,900	248,316,900
Directors' Share on profit	-	-	-	(367,647)	(367,647)
Transfer to Legal Reserve	-	-	62,079,225	(62,079,225)	-
Balance as at 30 June 2016	921,447,000	7,693,740	202,807,860	185,870,028	1,317,818,628
Balance as at 1 July 2016	921,447,000	7,693,740	202,807,860	185,870,028	1,317,818,628
Collection from Subscribed Shares	144,376,506	-	-	-	144,376,506
Prior Period Adjustment	-	-	-	(1,781,065)	(1,781,065)
Dividend Capitalized	101,997,494	-	-	(101,997,494)	-
Dividends Retained	-	-	-	(41,693,265)	(41,693,265)
Dividend in Cash	-	-	-	(42,179,270)	(42,179,270)
Profit for the Year	-	-	-	290,203,754	290,203,754
Directors' Share on profit	-	-	-	(1,086,667)	(1,086,667)
Transfer to Legal Reserve	-	-	72,550,938	(72,550,938)	-
Balance as at 30 June 2017	1,167,821,000	7,693,740	275,358,799	214,785,083	1,665,658,622

Ato Gadissa Bultosa
Chairman of the Board of Directors



Ato Abie Sano
President





Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

1 General Information

Oromia International Bank share company has been established in Addis Ababa as per the Commercial Code of Ethiopia 1960, and it was licensed by the National Bank of Ethiopia in September 2008 with the objective to engage in banking service in accordance with the Banking Business Proclamation number 592/2008 . The bank has started operation in October 2008.

2 Significant Accounting Policy

The Financial Statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Standards and the laws and regulation of Commercial Code of Ethiopia 1960. The principal accounting policies adopted by the Bank, which are consistent with those applied in the preceding year, are stated below:

- a) Monetary items denominated in foreign currencies are retranslated at mid exchange rate ruling at the balance sheet dates. Mid rate is the average of buying and selling exchange rates. Gain/loss arising on retranslation are recognized in profit and loss in the period in which they arise.
- b) Foreign exchange transactions during the year are expressed in Birr at the actual rates prevailing on the transaction dates.
- c) Property, Plant and Equipments are reported in the Balance Sheet at acquisition cost less Accumulated Depreciation. Depreciation is computed on straight line basis at the following rates per annum.

	%
Building	5
Office Furniture and Equipment	20
Motor Vehicles	20
Computers and Accessories	25

- d) Pre-operating costs incurred during establishment of the bank and for branch openings and software costs are amortized at 10% & 25% per annum respectively.
- e) Loans and Advances are stated at cost less provisions for bad debts. Provision for bad debts on outstanding loans and advances are determined based on the percentages dictated in NBE directive No. SBB/43/2008 .

3 Cash and Bank Deposits

	Birr	2016
Cash on Hand- Local Currency	1,126,455,117	917,312,440
Cash on Hand- Foreign Currency	31,864,673	40,758,775
Reserve Account with NBE	680,000,000	476,000,000
Payment & Settlement Account with NBE	286,746,163	129,619,836
Issue Account with NBE	4,821,700	271,731,700
Deposit with Local Banks	86,959,403	65,171,210
Deposit with Foreign Banks	1,102,466,613	247,653,334
	3,319,313,670	2,148,247,295





Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

4 Other Assets

	Birr	2016
Prepayments	290,519,518	171,694,820
Supplies Stock Account	10,445,776	7,771,338
Uncleared Effect - Foreign	99,995,099	41,217,464
Uncleared Effect - Local	130,864,633	34,287,349
Accrued Interest Receivables On NBE Bills	46,434,409	33,469,421
Accrued Receivables - Government Bond	302,183	302,192
Accrued Receivables - Share Companies	-	4,258,975
Account Receivable - Local	18,617,000	122,449
Staff Debtor	77,876,830	41,017,299
Miscellaneous	18,759,199	15,122,314
Fixed Assets in Store	15,690,737	24,735,136
Profit Receivable from Murahabah Financing	172,434,953	108,779,843
Branch under Opening	24,312,245	8,856,694
	906,252,582	491,635,293

5 Loans and Advances

	Birr	2016
Agriculture	179,176,815	140,009,000
Industry	392,591,196	275,871,643
Domestic Trade & Services	2,385,762,008	1,632,238,820
Export	1,334,321,277	1,061,418,979
Import	672,287,473	374,992,230
Construction	866,879,683	643,024,781
Transport & Communication	388,733,075	378,602,282
Hotel and Tourism	614,707,349	485,744,237
Mining,Power,& Water resources	-	1,761,074
Microfinance Institution	6,620,482	11,344,725
Consumer & Personal Loan	50,726,812	30,332,144
Mortgage Loans	<u>283,735,826</u>	<u>222,999,745</u>
	7,175,541,996	5,258,339,658
Less: Provision for Bad Loans & Advances	(133,756,883)	(92,591,935)
	7,041,785,113	5,165,747,723

6 Interest Free Financing

	Birr	2016
Murahabah Financing-Agriculture	36,581,443	22,724,706
Murahabah Financing-Agriculture Merchandise	1,422,435	7,205,515
Murahabah Financing-Industry	284,102,643	66,707,608
Murahabah Financing-Domestic Trade and Service	65,809,138	123,284,212
Interest Free Export Facility Financing	313,820,911	80,427,939
Murahabah Financing-Import	154,612,803	80,990,939
Murahabah Financing-construction	84,655,359	27,933,150
Murahabah Financing-Transport and communication	97,270,791	87,393,801
Murahabah Financing-Hotel and Tourism	13,534,179	12,173,304
	<u>3,149,606</u>	-
	1,054,959,309	508,841,174
Less: Provision for IFB Financing	<u>(33,156,700)</u>	<u>(17,087,826)</u>
	1,021,802,609	491,753,348





Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

7 Investments

7.1 Investments in Other Companies

	Birr	2016
Oromia Insurance S.C	10,396,000	10,396,000
Gutu Oromia Business S.C	3,250,000	3,250,000
Elemtu Integrated Dairy Industry S.C	10,000,000	10,000,000
Elemo Kiltu House Building	500,000	500,000
OIB - ODA Real Estate Plc	10,000,000	10,000,000
Eth. Switch S.C	11,370,000	11,370,000
TBO Printing & Publishing S.C	7,500,000	7,500,000
Tsehay Industry S.C	10,000,000	9,360,358
Sheger Microfinance S.C.	1,013,000	-
	64,029,000	62,376,357.94

7.2 Investment in NBE Bills and Bonds

In accordance with NBE directive no MFA/NBE BILLS/001/2011 , the Bank has purchased NBE Bills to the equivalent of 27% of total loan disbursed during the year. The Bills are interest bearing at 3% with maturity period of five years. Moreover, the bank also purchased a government bond which bears 6% interest. The bank has also purchased interest bearing Government Bond at 6% with maturity of five years.

	Birr	2016
NBE Bills	3,405,048,000	2,369,640,000
Government Bonds	10,000,000	10,000,000
	3,415,048,000	2,379,640,000

8 Deferred Charges

COST

	Balance as at 30/06/2016 Birr	Additions Birr	Balance as at 30/06/2017 Birr
Establishment Cost	6,777,205	-	6,777,205
Swift Software	1,100,517	-	1,100,517
Omni Core Banking Software	20,069,620	6,091,293	26,160,913
Mobile and Agent Banking Software	2,122,645	3,982,644	6,105,289
Odda Office Modification & Renovation	287,604	-	287,604
	30,357,591	10,073,937	40,431,528

AMORTIZATION

	Balance as at 30/06/2016 Birr	Additions Birr	Balance as at 30/06/2017 Birr
Establishment Cost	6,777,205	-	6,777,205
Swift Software	1,100,518	-	1,100,518
Omni Core Banking Software	2,508,703	10,571,754	13,080,457
Mobile and Agent Banking Software	-	1,526,322	1,526,322
Odda Office Modification & Renovation	287,604	-	287,604
	10,674,029	12,098,076	22,772,105

Net Book Value

	Balance as at 30/06/2016 Birr	Additions Birr	Balance as at 30/06/2017 Birr
	19,683,562	12,098,076	17,659,423





Oromia International Bank S.C. Notes to the Accounts For the Year Ended 30 June 2017

9 Property, Plant & Equipment

Cost	Balance as at 30 June 2016	Additions	Transferred	Adjustment	Balance as at 30 June 2017
Building	269,359,489	-	(8,000)	-	269,351,489
Motor Vehicles	182,431,513	7,016,407	-	(1,787,556.52)	187,660,363
Furniture & Fittings	69,043,405	12,964,165	161,147	-	82,168,717
Office Equipments	70,430,059	21,163,746	(178,009)	-	91,415,797
Computer & Accessories	71,892,233	25,341,294	(2,103)	-	97,231,424
Construction in progress	23,913,054	-	-	-	23,913,054
	687,069,753	66,485,612	(26,965)	(1,787,557)	751,740,843
Depreciation					
Building	12,542,256	13,467,574	-	-	26,009,830
Motor Vehicles	73,962,111	30,582,452	2,053	-	104,546,615
Furniture & Fittings	28,861,665	12,983,112	5,140	-	41,849,917
Office Equipments	29,084,381	14,137,599	(58,636)	-	43,163,344
Computer & Accessories	36,327,904	16,706,761	(51,710)	-	52,982,955
	180,778,316	87,877,498	(103,153)	-	268,552,661
Net Book Value	506,291,437				483,188,181



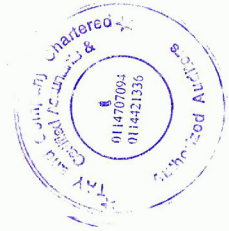
Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

10 Deposits

	Demand	Saving	Amana Deposit	Wadi'ah Deposit	Mudhurabaha Deposit	Time Deposit	Total	2016
Private Sector	2,948,360,318	6,278,807,697	594,653,827	1,334,524,966	27,976,420	473,529,934	11,657,853,162	8,118,926,408
Public Agency and Enterprise	31,068,495	13,665,241	1,918,878	2,530,492	-	43,278,593	92,461,698	43,083,531
Domestic Banks	127,772,266	58,829,616	-	-	-	203,590,774	390,192,656	235,862,290
Insurance Companies	37,299,065	2,276,930	-	-	-	258,997,537	298,573,532	251,754,012
Microfinance Institutions	31,849,568	58,398,088	-	50	-	24,973,939	115,221,645	101,226,000
Cooperative & Associations	79,088,875	129,703,553	8,839,523	20,045,260	-	13,942,892	251,620,104	164,107,408
Regional Government	818,128	-	-	-	-	-	818,128	746,307
Overdraft	35,143,829	-	-	-	-	-	35,143,829	25,230,173
Resident Foreign Currency account	27,928,213	-	-	-	-	-	27,928,213	25,584,899
Foreign Currency Retention account	108,894,127	-	28,716,155	-	-	-	137,610,283	37,497,313
ECX Member account	36,108,794	-	-	-	-	-	36,108,794	49,416,447
Non Resident Foreign Currency account	67,149,101	-	8,608,168	-	-	-	75,757,269	61,868,859
Diaspora Non Resident FCY account	65,782,888	-	1,540,995	-	-	-	67,323,883	52,801,083
Correspondent - their account	10,722,812	-	-	-	-	-	10,722,812	6,871,931
Non Interest bearing Special Saving account	-	164,203,249	-	-	-	-	164,203,249	138,953,326
OIB Staff Provident Fund account	-	51,587,784	-	99,167	-	-	51,686,951	33,568,702
M-Wallet/Virtual	-	141,458	-	-	-	-	141,458	52,532
Agent/Merchant	-	133,264	-	-	-	-	133,264	-
Labbaik Account	-	-	-	627,703	-	-	627,703	178,989
Total as at 30 June 2017	3,607,986,479	6,757,746,880	644,277,546	1,357,827,637	27,976,420	1,018,313,668	13,414,128,630	9,347,730,211
Balance as at 30 June 2016	2,880,593,379	4,606,136,659	366,402,070	716,271,144	29,256,026	749,070,932	9,347,730,211	





Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

11 Margin Held on Letter of credit

	Birr	2016
Margin Held on LC	541,075,670	121,645,919
Arbun Held on LC	111,038,513	3,045,962
	652,114,184	124,691,881

12 Other Liabilities

	Birr	2016
Other Provisions	6,857,668	5,485,112
TT Payable	11,599,547	18,489,735
CPO & Certified Cheques issued	146,374,944	159,772,326
Income Tax Payable	4,694,506	3,210,434
VAT Payable	89,786	182,010
Withholding Tax Payable	1,663,582	791,382
Pension Payable	2,404,723	1,346,889
Stamp Duty Charge	1,920,386	1,135,915
Tax on Capital Gain	47,250	50,400
Tax Payable on Interest	2,781,042	1,624,930
Hamish Jiddya Payable	5,670,445	13,926,487
Accrued Interest on Fixed Time Deposit	47,500,444	21,481,134
Dividend Payable	41,693,265	37,350,058
Audit fee	149,500	126,500
Accrued Leave Payable	39,772,359	19,949,555
Account Payable Miscellaneous	14,698,019	15,366,819
Account Payable Foreign	19	-
Exchange Payable to NBE	6,733,980	3,191,052
Adjustment and Refund	3,005	-
Deferred Income-Rent	3,593,205	1,875,669
Deferred Murabaha profit	129,967,602	108,779,843
Charity Fund Payable	608,509	374,546
Directors' Share on Profit	1,086,667	367,647
	469,910,452	414,878,444

13 Paid up Share Capital

The authorized share capital of the bank is Birr 3 Billion comprising 3,000,000 ordinary shares at par value of Birr 1,000 each. Total subscribed shares at the balance sheet date is Birr 2,472,171,000 out of which Birr 1,167,821,000 is fully paid.

14 Legal Reserve

In accordance with the Articles of Association of the bank and Proclamation No 592/2008 article 19 of the Licensing and Supervision of Banking, 25% of profit after tax is transferred to legal reserve until the balance reaches 100% of the paid-up capital.

15 Interest Income

	Birr	2016
Interest Earned on Loans and Advances	825,894,822	695,687,994
Interest Earned on NBE Bills and Government Bonds	84,654,698	67,498,307
Interest Earned on Surplus Fund	196,203	162,588
	910,745,724	763,348,889





Oromia International Bank S.C.
Notes to the Accounts
For the Year Ended 30 June 2017

16 Commission Income

Commission on Foreign Transactions
 Commission on Letter of Guarantee
 Commission-Local
 CPOs and cheque paid
 OTCPs, TT's & ABB

Birr	2016
106,782,312	48,021,603
20,731,128	15,834,598
9,754,938	3,481,787
1,238,454	1,136,375
2,621,533	6,166,851
141,128,365	74,641,215

17 Service Charges

Service Charges - Local
 Service Charges - Foreign

Birr	2016
6,647,366	10,161,652
178,964,667	162,933,354
185,612,033	173,095,006

18 Other Income

Office Rent
 Commitment Charge
 Gain on disposal of Acquired Properties
 Estimation, Inspection and Arrangement fee
 Cash Surplus
 Telephone, Postages and Money Bags
 Dividend Income
 Othe Income - Miscellaneous

Birr	2016
9,452,561	8,425,851
4,628,259	3,099,876
6,672	2,453,341
5,233,356	3,317,203
420,520	393,644
287,098	438,396
4,124,241	4,869,333
5,687,826	2,915,155
29,840,534	25,912,798

19 Gain On Foreign Currency

Gain (Loss) on Foreign Currency Transactions
 Gain on Foreign Currency Holdings

Birr	2016
25,967,803	46,304,792
91,838,113	47,100,280
117,805,916	93,405,072

20 Loss on Foreign Currency and Other Charges

Loss on Foreign Currency Holdings
 Loss on Foreign Exchanges
 Correspondent Charges
 Swift Charges

Birr	2016
1,668,024	654,804
-	15
703,379	2,290,717
2,062,586	1,743,857
4,433,990	4,689,393





Oromia International Bank S.C.
Notes to the Accounts
For the Year Ended 30 June 2017

21 General Expenses	Birr	2016
Advertisement and Publicity	13,561,093	7,910,392
Microsoft Licensing and Anti Virus Fee	3,105,101	953,158
Bank Charges	1,442,936	1,480,996
Cheque Books	149,713	4,645
Cleaning Supplies	444,906	498,157
Consultancy Fee	145,433	117,250
Depreciation and Amortization	99,975,574	69,894,743
Donation	589,488	176,614
Entertainment	287,737	522,244
General Assembly, Meeting and Others	3,168,527	2,502,730
Inauguration	-	213,550
Insurance Expense	6,368,348	4,999,954
Land and Building tax	57,403	57,955
Legal	237,950	117,970
License Fees	89,500	75,900
Membership Fees	358,128	270,128
Miscellaneous	6,139,504	14,353,580
Money Bags	13,815	11,341
Motor Vehicle Inspection	306,968	492,021
Office Rent	83,322,227	66,370,547
Parking	18,222	18,756
Perdiem and Accommodation	6,117,197	4,909,100
Petrol and Lubricants	5,695,467	4,691,918
Postage	222,139	219,366
Repair and Maintenance	10,045,469	6,396,495
Revenue Stamp	7,890	20,316
Stationary and Printing	15,391,982	12,524,998
Money Bags	496,748	123,583
Sundries	-	74,520
Supplies expense	3,019,022	4,253,547
Telephone, Swift and Internet	20,643,759	15,915,491
Transport of Currency	1,716,591	1,631,901
Transportation	1,663,632	1,591,293
Wages	13,208,054	7,678,780
Water and Electricity	1,905,128	1,807,970
	299,915,649	232,881,911





Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

22 Interest Expenses

	Birr	2016
Interest on Saving Deposits	216,537,790	170,218,785
Interest on Fixed Time Deposits	103,540,039	45,680,045
Interest on Demand Deposit	1,718,749	6,230,499
Interest on NBE Borrowing	849,316	14,624,590
Interest Expense other Domestic Banks/Borrowing	6,100,791	-
	328,746,684	236,753,919

23 Salaries and Benefits

	Birr	2016
Accrued Leave Pay	20,542,685	6,742,604
Acting Allowance	203,821	137,680
Bonus	15,056,366	21,895,581
Cash Indemnity Allowance	6,917,469	5,432,773
Clerical Staff Salaries	130,942,242	99,014,275
Contractual Staff Salaries	10,803,689	7,596,474
Disturbance Allowance	84,200	80,800
Fuel and Transportation Allowance	31,651,374	27,223,025
Funeral Expense	6,000	-
Hardship Allowance	15,662,145	11,737,742
Housing Allowance	6,418,690	5,306,467
Managerial Staff Salaries	63,936,317	47,618,431
Medical	5,145,258	3,935,633
Non Clerical Staff Salaries	35,420,231	28,837,300
Overtime Payments	2,028,854	1,588,507
Provident Fund Contribution	33,638,536	25,814,323
Representation Allowance	3,293,503	2,733,725
Severance and Top Up Allowance	12,111,572	2,702,454
Staff Insurance	3,270,631	2,542,302
Training and Education	20,928,085	10,399,285
Uniforms	3,036,543	1,353,841
Utility Allowance	278,586	989,076
	421,376,797	313,682,298

24 Directors Allowance

24.1. Directors Allowances represent monthly allowances of Birr 4,000.00 per month per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE Directive SBB 63/2016. On top of this, the expense includes Board nomination and election committee monthly allowance of Birr 3,000.00 in accordance with NBE Directive SBB 63/2016 and subsequent Approval by AGM.

24.2. Directors Share on Profit represent annual remuneration of Birr 100,000.00 per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE Directive SBB 63/2016. On top of this, the expense includes Board nomination and election committee remuneration of Birr 50,000 per each member in accordance with NBE Directive SBB 63/2016 and subsequent Approval by AGM.





Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

	Birr	2016
25 Provision for Taxation		
Profit before tax	378,682,761	325,045,860
Add:		
Disallowed Expenditures		
Depreciation and Amortization for Accounting Purpose	99,975,574	69,894,743
Entertainment	287,737	522,244
Penalty	893,849	40,000
Donations	241,488	176,614
Sponsorships	307,615	-
General Assembly Expense	1,072,821	-
Management Meeting and Promotion	<u>2,418,896</u>	<u>-</u>
	<u>105,197,980</u>	<u>70,633,600</u>
Deduct:		
Depreciation and Amortization for Tax purpose	93,824,830	77,152,376
Exempt Incomes and Incomes taxed at source:		
Dividend Income	4,124,241	4,869,333
Interest From Deposits at Local banks	196,203	162,543
Interest From Deposits at Foreign Banks	-	45
Interest Income On NBE Bills and Bonds	84,654,698	67,498,307
	<u>182,799,973</u>	<u>149,682,605</u>
Taxable Profit	<u>301,080,768</u>	<u>245,996,856</u>
Provision for Taxation@30%	90,324,230	73,799,057
Add: 5% On deposit at Foreign banks	-	2
	<u>90,324,230</u>	<u>73,799,059</u>
26 Profit Tax Payable	Birr	2016
Balance Brought Forward	73,668,445	70,851,246
Profit Tax Paid during the year	(73,668,445)	(70,851,246)
Current Year Provision for Profit Tax	90,324,230	73,799,059
Withholding Tax Paid	(185,243)	(130,614)
Balance Carried Forward	<u>90,138,987</u>	<u>73,668,445</u>



Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

27 Depreciation and Amortization for Tax Purpose

Depreciation and Amortization Base brought forward

Fixed Assets Transferred to Expenses at their book Value

Current Year Additions

Depreciation Base at end of the Year

Depreciation @5%,25%, 20% and 10%

Depreciation Base Carried Forward

Building	Computer & Accessories	Other Business Assets	Intangible Assets	Depreciation Total
269,359,489	46,793,864	255,847,015	8,165,326	580,165,694
(8,000)	(2,103)	(1,804,419)	-	(1,814,522)
-	35,350,798	40,982,820	-	76,333,619
269,351,489	82,142,559	295,025,417	8,165,326	654,684,791
(13,467,574)	(20,535,640)	(59,005,083)	(816,533)	(93,824,830)
255,883,914	61,606,919	236,020,334	7,348,793	560,859,960





Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

	Birr	2016
28 Deferred Tax Asset/Liability		
Depreciation and Amortization Computed for Reporting Purpose	99,975,574	67,386,040
Depreciation and amortization Computed for Tax Purpose	(93,824,830)	(77,152,376)
Temporary difference	6,150,744	(9,766,336)
Differed Tax asset/liability@30%	1,845,223	(2,929,901)
Balance B/F	(2,801,270)	128,631
Balance C/F	(956,047)	(2,801,270)

29 Earning per Share

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

30 Certain comparative figures were reclassified where necessary to facilitate comparison.

31 Commitments and Contingent Liabilities

	Birr	2016
Guarantees Issued and Outstanding	851,371,225	570,367,448
Commitments on Letter of Credit net of Margin Paid	261,685,533	286,796,254
Commitments on Letter of Credit net of Arbut Held	186,269,056	-
Liability on Acceptance of Letter of credit	2,766,273	2,766,273
TCG Issued and Outstanding	6,850,000	24,650,000
Loan Approved but not Disbursed and IFB Financing approved but not yet Financed	674,867,560	674,456,340
Unutilized Overdraft and Other Facility	474,048,579	568,565,959
Undrawn IFB Export Facility Financing	423,339,090	213,572,061
	2,881,197,316	2,341,174,336

32 Memorandum Accounts

	Birr	2016
Interest on Non-Performing Loans	26,258,765	15,493,368
Money Bags	9,236	7,849
Outward Documentary Bills for Collections-Sight	51,147,760	49,811,136
Outward bills for Collections-Other Banks	(123,728)	(236,360)
Inward Bills for Collection Sight	2,214,084	7,786,298
Inward bills for Collection Acceptance	-	1,069,773
Interest on Loans and Advances in Litigation	(4,873)	-
	79,501,243	73,932,065





Oromia International Bank S.C.

Notes to the Accounts

For the Year Ended 30 June 2017

33 Related Party Disclosure

Transactions and balances during the year with related parties are stated as below:

	<u>Amount</u>
Outstanding Loan	176,020,000.00
Estimated Value of Collaterals	186,120,000.00

34 Status of IFRS implementation

The House of People's Representatives of Ethiopia has enacted International Financial Reporting (IFRS) Proclamation No.847/2014 to establish a sound, transparent and understandable financial reporting system which would be applicable to entities in both privates and public sectors.

Following the Financial Reporting Proclamation, Regulation No.332/2014 was issued by the Council of Ministers and established the Accounting and Auditing Board of Ethiopia (AABE) by defining the powers and duties of the Board. Accordingly, AABE has prepared a road map for implementing in Ethiopia and instructed all high public interest reporting entities to implement the IFRS in line with the road map by June 30, 2018. Hence, to comply with the requirement, OIB has preformed the following major activities:

1. OIB has established IFRS Implementation Project Team drawn from different work units;
2. Training had been provided to the Technical Team and Senior Management of the Bank including Board of Directors. On top of this, the technical Team has provided training to seventy Five Branch Managers;
3. The IFRS Project Implementation Team had made extensive discussion with Price Waterhouse Coopers (PWC), consultant hired by Ethiopian Bankers Association (EBA) to assist member banks on IFRS implementation;
4. Gap Analysis and Impact assessment between the existing practice and IFRS requirement has been made;
5. Policy Choice, first time adoption exemptions and exceptions had been made by the bank as the First Time Adopter and approved by Board of Directors;
6. Opening Financial position adjustment is ongoing.

Remark: IFRS will bring more transparency and reliability on financial reporting which will be very useful for the shareholders. Certain impacts on key performance indicators will be expected as a result of changes on mechanism of recognition and measurement of elements of the financial statements during next financial year.





Oromia International Bank S.C.
Balance Sheet - Conventional Banking
As at 30 June 2017

	Notes	Birr	2016
Assets			
Cash and Bank Deposits	1	2,177,627,507	1,497,948,502
Other Assets	2	655,158,368	355,657,287
Loans and Advances(net)	3	7,041,785,113	5,165,747,723
Investment in NBE Bills and Bonds	4.2	3,415,048,000	2,379,640,000
Property,Plant and Equipment	6	482,985,570	506,291,437
Acquired Properties		23,828,342	16,213,864
Deferred Charges(net)	5	17,659,423	19,683,562
Investment in Other Companies	4.1	64,029,000	62,376,358
Correspondent Account with IFB		92,346,187	27,357,074
		13,970,467,510	10,030,915,806
Liabilities			
Customer Deposits	7	11,384,047,027	8,235,800,970
Margin Held on Letter of Credit		541,075,670	121,645,919
Other Liabilities	8	328,168,094	290,905,034
Deferred Tax Liabilities		963,043	2,801,270
Profit Tax Payable	22	50,555,054	61,943,985
Total Liabilities		12,304,808,888	8,713,097,178
Capital			
Paid up Capital	9	1,167,821,000	921,447,000
Share Premium		7,693,740	7,693,740
Legal Reserve	10	275,358,799	202,807,860
Retained Earnings		214,785,083	185,870,028
Total Capital		1,665,658,622	1,317,818,628
Total Liabilities and Capital		13,970,467,510	10,030,915,806

Ato Gadissa Bultosa
Chairman of the Board of Directors



Ato Abie Sano
President





Oromia International Bank S.C.
Income Statement - Conventional Banking
For the Year Ended 30 June 2017

Income	Notes	Birr	2016
Interest Income	11	910,745,724	763,348,889
Commission Income	12	120,491,004	68,784,182
Service Charges	13	155,339,410	155,283,327
Gain (Loss) on Foreign Currency	15	117,805,916	93,405,072
Other Income	14	29,497,088	25,713,771
		1,333,879,141	1,106,535,241
Expenses			
General Expenses	17	299,491,025	232,876,073
Interest Expenses	18	328,746,684	236,753,919
Salaries & Benefits	19	413,457,662	313,682,298
Provision for Loans & Advances	3	41,164,948	31,990,977
Provision for Other Assets		763,474	841,268
Audit Fee		149,500	126,500
Directors Allowance	20.1	579,000	272,000
Loss on Foreign Currency and Other Charges	16	2,767,212	4,027,879
Total Expenses		1,087,119,504	820,570,916
		246,759,637	285,964,326
Profit Before Tax			
Provision for Profit Tax	21	(50,740,297)	(62,074,599)
Deferred Tax Assets/Liabilities		1,838,227	(2,929,901)
Profit after Tax		197,857,567	220,959,826
Transfer to Legal Reserve		-	-
Net Profit after Tax & Legal Reserve		197,857,567	220,959,826
Directors Share on Profit	20.2	(1,086,667)	(367,647)
Retained Earning for the Year		196,770,900	220,592,179

Ato Gadissa Bultosa
Chairman of the Board of Directors



Ato Abie Sano
President





Oromia International Bank S.C.

Cash Flow Statement - Conventional Banking

For the Year Ended 30 June 2017

	Birr	2016
Cash Flow From Operating Activities		
Net Profit for the year	246,759,637	285,964,326
Adjustment for:		
Depreciation and Amortization	99,952,255	69,894,743
Prior Period Adjustment	(1,781,065)	-
Provision for Doubtful Loans & Advances	41,164,948	31,990,977
Provision for Other Assets	90,156	841,268
Fixed assets and adjustment	1,711,369	26,480
Effect of exchange rate fluctuation and Forex dealing	(117,805,916)	(93,405,072)
Cash Flow From Operation before Changes in Working Capital	270,091,383	295,312,721
Decrease (Increase) in Loans & Advances excluding provision	(1,917,202,338)	(491,164,198)
Decrease (Increase) in Other Assets	(299,501,082)	267,211,598
Decrease (Increase) in Acquired Properties	(7,614,478)	4,431,474
Increase (Decrease) in Deposits	3,148,246,057	949,725,811
Increase (Decrease) in Margin Held Account	419,429,751	(44,701,518)
Increase (Decrease) in Other Liabilities	(4,520,363)	19,485,846
Increase (Decrease) in Correspondent Account with IFB	27,357,074	(81,979,825)
Cash Flow From Operation before Changes in Working Capital	1,636,286,005	918,321,909
Profit tax Paid	(61,943,985)	(67,943,813)
Withholding Tax Paid	(185,243)	(130,614)
Net Cash Inflow from Operating Activities	1,574,156,777	850,247,482
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(66,259,681)	(390,896,201)
Investment in Deferred charges	(10,073,937)	(7,050,872)
Investment in Treasury Bills	-	-
Special fixed time deposit with NBE	-	-
Investment in NBE Bills	(1,035,408,000)	(448,006,000)
Investment in other companies	(1,652,642)	(610,358)
Cash out flow from investing activities	(1,113,394,260)	(846,563,431)
Net Cash Outflow from Investing Activities		
Cash Flow From Financing Activities		
Dividend paid in cash	(42,179,270)	(23,039,805)
Directors' share on profit	(1,086,667)	(367,647)
Share capital collected net dividend capitalized	144,376,506	137,335,773
Share premium Collected	-	-
Cash Flow from Financing Activities	101,110,570	113,928,321
Effect of exchange rate fluctuation & FOREX dealing	117,805,916	93,405,072
Changes in Cash and Cash Equivalents	679,679,003	211,017,445
Cash and Cash Equivalent at the Beginning of the Year	1,497,948,504	1,286,931,057
Cash Balance at end of the year	2,177,627,507	1,497,948,502

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Ato Gadissa Bultosa
Chairman of the Board of Directors



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Ato Abie Sano
President





Oromia International Bank S.C.

Notes to Accounts - Conventional Banking

For the Year Ended 30 June 2017

1 Cash and Bank Deposits

	Birr	2016
Cash on Hand- Local Currency	811,710,227	401,316,108
Cash on Hand- Foreign Currency	31,864,673	40,758,775
Reserve Account with NBE	680,000,000	476,000,000
Payment & Settlement Account with NBE	286,746,163	129,619,836
Issue Account with NBE	4,821,370	137,429,239
Deposit with Local Banks	86,959,403	65,171,210
Deposit with Foreign Banks	275,525,671	247,653,334
	2,177,627,507	1,497,948,502

2 Other Assets

	Birr	2016
Prepayments	290,519,518	171,694,820
Supplies Stock Account	9,746,934	7,558,402
Uncleared Effect - Foreign	67,696,081	33,401,090
Uncleared Effect - Local	86,882,348	15,118,496
Accrued Interest Receivables On NBE Bills	46,434,409	33,469,421
Accrued Receivables - Government Bond	302,183	302,192
Accrued Receivables - Share Companies	-	4,258,975
Accounts Receivable - Local	18,617,000	122,449
Staff Debtor	77,549,461	41,017,299
Miscellaneous	17,407,451	15,122,314
Fixed Assets in Store	15,690,737	24,735,136
Branch under Opening	24,312,245	8,856,694
	655,158,368	355,657,287

3 Loans and Advances

	Birr	2016
Agriculture	179,176,815	140,009,000
Industry	392,591,196	275,871,643
Domestic Trade & Services	2,385,762,008	1,632,238,820
Export	1,334,321,277	1,061,418,979
Import	672,287,473	374,992,230
Construction Loans	866,879,683	643,024,781
Transport and Communication	388,733,075	378,602,282
Hotel and Tourism	614,707,349	485,744,237
Mines, Powers and Water Resource	-	1,761,074
Microfinance Institution	6,620,482	11,344,725
Mortgage Loan	283,735,826	222,999,745
Consumer and Personal Loan	50,726,812	30,332,144
	7,175,541,996	5,258,339,658
	(133,756,883)	(92,591,935)
	7,041,785,113	5,165,747,723

Less: Provision for Bad Loans & Advances





Oromia International Bank S.C.

Notes to Accounts - Conventional Banking

For the Year Ended 30 June 2017

4 Investments

4.1 Investment in Other Companies

	Birr	2016
Oromia Insurance S.C.	10,396,000	10,396,000
Gutu Oromia Business S.C.	3,250,000	3,250,000
Elemtu Integrated Dairy Industry S.C.	10,000,000	10,000,000
Elemo Kiltu House Building	500,000	500,000
OIB-ODA Real Estate Plc	10,000,000	10,000,000
Eth. Switch S.C.	11,370,000	11,370,000
TBO Printing and Publishing S.C.	7,500,000	7,500,000
Tsehay Industry S.C.	10,000,000	9,360,358
Sheger Microfinance S.C.	1,013,000	-
	64,029,000	62,376,358

4.2 Investment in NBE Bills

In accordance with NBE directive no MFA/NBE BILLS/001/2011, the Bank has purchased NBE Bills to the equivalent of 27% of total loan disbursed during the year. The Bills are interest bearing at 3% with maturity period of five years. The bank has also purchased interest bearing Government Bond at 6% with maturity of five years.

	Birr	2016
NBE Bills	3,405,048,000	2,369,640,000
Government Bond	10,000,000	10,000,000
	3,415,048,000	2,379,640,000

5 Deferred Charges

	Balance as at 30/06/2016	Additions	Balance as at 30/06/2017
	Birr	Birr	Birr
COST			
Establishment Cost	6,777,205	-	6,777,205
Swift Software	1,100,517	-	1,100,517
Omni Core Banking Software	20,069,620	6,091,293	26,160,913
Mobile and Agent Banking Software	2,122,644.70	3,982,644	6,105,289
Oda Office Modification & Renovation	287,604	-	287,604
	30,357,591	10,073,937	40,431,528
AMORTIZATION			
Establishment Cost	6,777,205	-	6,777,205
Swift Software	1,100,518	-	1,100,518
Omni Core Banking Software	2,508,702.53	10,571,754	13,080,457
Mobile and Agent Banking Software	-	1,526,322.09	1,526,322
Oda Office Modification & Renovation	287,604	-	287,604
	10,674,029	12,098,076	22,772,105
Net Book Value	19,683,562		17,659,423





Oromia International Bank S.C.

Notes to Accounts - Conventional Banking

For the Year Ended 30 June 2017

6 Property, Plant & Equipments

Cost	Balance as at 30 June 2016	Additions	Transferred	Adjustment	Balance as at 30 June 2017
Building	269,359,489	-	(8,000)	-	269,351,489
Motor Vehicles	182,431,513	7,016,407	-	(1,787,557)	187,660,364
Furniture and Fitting	69,043,405	12,823,205	161,147	-	82,027,757
Office Equipment	70,430,059	21,143,207	(178,009)	-	91,395,257
Computer and Accessories	71,892,233	25,276,861	(2,103)	-	97,166,991
Construction in progress	23,913,055	-	-	-	23,913,055
	687,069,753	66,259,681	(26,965)	(1,787,557)	751,514,912
Depreciation					
Building	12,542,256	13,467,574	-	-	26,009,830
Motor Vehicles	73,962,111	30,582,452	2,053	-	104,546,615
Furniture and Fitting	28,861,665	12,969,901	5,140	-	41,836,706
Office Equipment	29,084,381	14,135,545	(58,636)	-	43,161,290
Computer and Accessories	36,327,904	16,698,707	(51,710)	-	52,974,901
	180,778,316	87,854,179	(103,153)	-	268,529,342
Net Book Value	506,291,438				482,985,570

7 Deposits

	Balance as at 30 June 2017				2016
	Demand	Saving	Time Deposit	Total	
Private Sector	2,948,360,318	6,278,807,697	473,529,934	9,700,697,949	7,036,465,336
Public Agency and Enterprise	31,068,495	13,665,241	43,278,593	88,012,329	41,404,704
Domestic Banks	127,772,266	58,829,616	203,590,774	390,192,656	235,862,290
Insurance Companies	37,299,065	2,276,930	258,997,537	298,573,532	251,754,012
Microfinance Institutions	31,849,568	58,398,088	24,973,939	115,221,595	101,225,950
Cooperative & Associations	79,088,875	129,703,553	13,942,892	222,735,320	148,238,149
Regional Government	818,128	-	-	818,128	746,307
Overdraft	35,143,829	-	-	35,143,829	25,230,173
Resident Foreign Currency account	27,928,213	-	-	27,928,213	25,584,899
Foreign Currency Retention account	108,894,127	-	-	108,894,127	33,793,268
ECX Member account	36,108,794	-	-	36,108,794	49,416,447
Non Resident Foreign Currency account	67,149,101	-	-	67,149,101	53,840,244
Diaspora Non Resident FCY account	65,782,888	-	-	65,782,888	52,799,411
Correspondent - their account	10,722,812	-	-	10,722,812	6,871,931
Non Interest bearing Special Saving account	-	164,203,249	-	164,203,249	138,953,326
OIB Staff Provident Fund account	-	51,587,784	-	51,587,784	33,561,991.31
M-Wallet/Virtual	-	141,458	-	141,458	52,532.11
Agent/Merchant	-	133,264	-	133,264	-
Total Balance as at 30 June 2017	-	6,757,746,880	1,018,313,668	11,384,047,027	8,235,800,970
Balance as at 30 June 2016	2,880,593,379	4,606,084,127	749,070,932	8,235,800,970	





Oromia International Bank S.C.

Notes to Accounts - Conventional Banking

For the Year Ended 30 June 2017

8 Other Liabilities

	Birr	2016
Other Provisions	5,575,268	5,485,112
TT Payable	11,598,732	18,489,735
CPO & Certified Cheques issued	146,374,944	159,772,326
Income Tax Payable	4,679,688	3,210,434
VAT Payable	89,786	182,010
Withholding Tax Payable	1,663,582	791,382
Pension Payable	2,391,075	1,346,889
Stamp Duty Charges	1,861,567	1,134,095
Tax on Capital Gain	47,250	50,400
Tax Payable On Interest	2,781,042	1,624,930
Accrued Interest On Fixed Time Deposit	47,500,444	21,481,134
Dividend Payable	41,693,265	37,350,058
Audit Fee	149,500	126,500
Accrued Leave Payable	39,772,359	19,949,555
Account Payable Miscellaneous	12,648,071	15,142,038
Account Payable Foreign	19	-
Exchange Payable to NBE	4,661,632	2,525,119
Deferred Income-Rent	3,593,205	1,875,669
Directors Share on Profit	1,086,667	367,647
	328,168,094	290,905,034

9 Paid up Share Capital

The authorized share capital of the bank is Birr 3 Billion comprising 3,000,000 ordinary shares at par value of Birr 1,000 each. Total subscribed shares at the balance sheet date is Birr 2,472,171,000 out of which Birr 1,167,821,000 is fully paid.

10 Legal Reserve

In accordance with the Articles of Association of the bank and Proclamation No 592/2008 article 19 of the Licensing and Supervision of Banking, 25% of profit after tax is transferred to legal reserve until the balance reaches 100% of the paid-up capital.

11 Interest Income

	Birr	2016
Interest Earned on Loans and Advances	825,894,822	695,687,994
Interest Earned on NBE Bills and Government Bonds	84,654,698	67,498,307
Interest Earned on Surplus Fund	196,203	162,588
	910,745,724	763,348,889

12 Commission Income

	Birr	2016
Commission on Foreign Transactions	88,013,002	43,612,227
Commission on Letter of Guarantee	19,411,537	15,102,901
Commission-Local	9,273,912	3,228,637
CPOs and cheque paid	1,238,404	1,136,365
OTCPs, TT's & ABB	2,554,150	5,704,052
	120,491,004	68,784,182





Oromia International Bank S.C.
Notes to Accounts - Conventional Banking
For the Year Ended 30 June 2017

13	Service Charges	Birr	2016
		Service Charges - Local	9,715,407
		Service Charges - Foreign	145,567,920
		155,339,410	155,283,327
14	Other Income	Birr	2016
		Office Rent	8,425,851
		Commitment Charge	3,099,876
	Gain on disposal of Acquired Properties	2,453,341.01	
	Estimation, Inspection and Arrangement fee	3,157,003	
	Cash Surplus	392,435	
	Telephone, Postages and Money Bags	433,210	
	Dividend Income	4,869,333	
	Othe Income - Miscellaneous	2,882,722	
		29,497,088	25,713,771
15	Gain on Foreign Currency	Birr	2016
		Gain (Loss) on Foreign Currency Transactions	46,304,792
		Gain on Foreign Currency Holdings	47,100,280
		117,805,916	93,405,072
16	Loss on Foreign Currency and Other Charges	Birr	2016
		Loss on Foreign Exchange Holding	(6,709)
		Loss on Foreign Exchanges	15
		Correspondent Charges	2,290,717
		Swift Charges	1,743,857
		2,767,212	4,027,879





Oromia International Bank S.C.

Notes to Accounts - Conventional Banking

For the Year Ended 30 June 2017

17 General Expenses

	Birr	2016
Advertisement and Publicity	13,558,671	7,910,392
Microsoft Windows Server License & Anti - Virus	3,105,101	953,158
Bank Charges	1,442,816	1,480,996
Cheque Books	94,003	2,792
Cleaning Supplies	440,745	498,157
Consultancy Fee	145,433	117,250
Depreciation and Amortization	99,952,255	69,894,743
Donation	589,488	176,614
Entertainment	283,850	522,244
General Assembly, Meeting and Others	3,168,527	2,502,730
Inauguration	-	213,550
Insurance Expense	6,368,348	4,999,954
Land and Building tax	57,403	57,955
Legal	237,950	117,970
License Fees	89,500	75,900
Membership Fees	358,128	270,128
Miscellaneous	6,096,532	14,351,754
Money bags	13,815	11,341
Motor Vehicle Inspection	306,314	492,021
Office Rent	83,322,227	66,370,547
Parking	18,222	18,756
Perdiem and Accommodation	6,087,752	4,909,100
Petrol and Lubricants	5,656,438	4,691,918
Postage	217,300	218,192
Repair and Maintenance	10,044,150	6,396,495
Revenue Stamp	7,890	20,316
Stationary and Printing	15,316,990	12,524,014
Subscription	496,748	123,583
Sundries	-	74,520
Supplies expense	2,999,760	4,253,547
Telephone, Swift and Internet	20,543,380	15,915,491
Transport of Currency	1,716,591	1,631,901
Transportation	1,643,726	1,591,293
Wages	13,205,844	7,678,780
Water and electricity	1,905,128	1,807,970
	299,491,025	232,876,073

18 Interest Expenses

	Birr	2016
Interest on Saving Deposits	216,537,790	170,218,785
Interest on Fixed Time Deposits	103,540,039	45,680,045
Interest on Demand Deposit	1,718,749	6,230,499
Interest on NBE Borrowing	849,316	14,624,590
Interest Expense other Domestic Banks/Borrowing	6,100,791	-
	328,746,684	236,753,919





Oromia International Bank S.C.
Notes to Accounts - Conventional Banking
For the Year Ended 30 June 2017

19 Salaries and Benefits	Birr	2016
Accrued Leave Pay	20,434,985	6,742,604
Acting Allowance	203,821	137,680
Bonus	14,913,128	21,895,581
Cash Indemnity Allowance	6,605,036	5,432,773
Clerical Staff Salaries	126,631,225	99,014,275
Contractual Staff Salaries	10,803,689	7,596,474
Disturbance Allowance	84,200	80,800
Fuel and Transportation Allowance	30,963,009	27,223,025
Funeral Expense	6,000	-
Hardship Allowance	15,401,616	11,737,742
Housing Allowance	6,257,694	5,306,467
Managerial Staff Salaries	62,978,292	47,618,431
Medical	5,054,193	3,935,633
Non Clerical Staff Salaries	35,361,091	28,837,300
Overtime Payments	2,027,354	1,588,507
Provident Fund Contribution	32,878,086	25,814,323
Representation Allowance	3,250,153	2,733,725
Severance and Top Up Allowance	12,104,572	2,702,454
Staff Insurance	3,259,704	2,542,302
Training and Education	20,925,285	10,399,285
Uniforms	3,036,543	1,353,841
Utility Allowance	277,986	989,076
	413,457,662	313,682,298

20 Directors Allowance

20.1. Directors Allowances represent monthly allowances of Birr 4,000.00 per month per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE Directive SBB 63/2016. On top of this, the expense includes Board nomination and election committee monthly allowance of Birr 3,000.00 in accordance with NBE Directive SBB 63/2016 and subsequent Approval by AGM.

20.2. Directors Share on Profit represent annual remuneration of Birr 100,000.00 per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE Directive SBB 63/2016. On top of this, the expense includes Board nomination and election committee remuneration of Birr 50,000 per each member in accordance with NBE Directive SBB 63/2016 and subsequent Approval by AGM.





Oromia International Bank S.C.
Notes to Accounts - Conventional Banking
For the Year Ended 30 June 2017

21 Provision for Taxation

Profit Before Tax

Add:

Disallowed Expenditures(Expenditures deducted but should not have been deducted)

Depreciation and Amortization for accounting purpose

Entertainment

Penalty

Donations

Sponsorships

General Assembly Expense

Management Meeting and Promotion

Chargeable Income(Income not included but would have been included)

Deduct:

Allowable Expenditures(Expenditures not deducted but would have been deducted)

Depreciation and amortization for Tax purpose

Exempt Incomes and Incomes taxed at source:

Dividend Income

Interest From Deposits at Local banks

Interest From Deposits at Foreign Banks

Interest Income On NBE bills and Bonds

Taxable Profit

Provision for Taxation@30%

Add: 5% On deposit at Foreign banks

22 Provision for Profit Tax

Balance Brought Forward

Profit Tax Paid During the year

Current Year Provision for Profit Tax

Withholding Tax Paid

Balance Carried Forward

	Birr	2016
Profit Before Tax	246,759,637	285,964,326
Add:		
Disallowed Expenditures(Expenditures deducted but should not have been deducted)		
Depreciation and Amortization for accounting purpose	99,952,255	69,894,743
Entertainment	287,737	522,244
Penalty	893,849	40,000
Donations	241,488	176,614
Sponsorships	307,615	-
General Assembly Expense	1,072,821	-
Management Meeting and Promotion	2,418,896	-
	105,174,661	70,633,600
Chargeable Income(Income not included but would have been included)	Nil	Nil
Deduct:		
Allowable Expenditures(Expenditures not deducted but would have been deducted)		
Depreciation and amortization for Tax purpose	93,824,830	77,152,376
Exempt Incomes and Incomes taxed at source:		
Dividend Income	4,124,241	4,869,333
Interest From Deposits at Local banks	196,203	162,543
Interest From Deposits at Foreign Banks	-	45
Interest Income On NBE bills and Bonds	84,654,698	67,498,307
	182,799,973	149,682,605
Taxable Profit	169,134,325	206,915,321
Provision for Taxation@30%	50,740,297	62,074,596
Add: 5% On deposit at Foreign banks	-	2
	50,740,297	62,074,599
	Birr	2016
Balance Brought Forward	61,943,985	67,943,813
Profit Tax Paid During the year	(61,943,985)	(67,943,813)
Current Year Provision for Profit Tax	50,740,297	62,074,599
Withholding Tax Paid	(185,243)	(130,614)
Balance Carried Forward	50,555,054	61,943,985

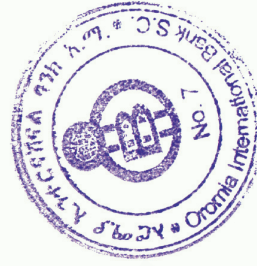


Oromia International Bank S.C.
Notes to Accounts - Conventional Banking
For the Year Ended 30 June 2017



23 Depreciation and Amortization for Tax Purpose
Depreciation and Amortization Base B/F
 Fixed Assets Transferred to Expenses at their Book Value
 Current Year Additions
 Depreciation Base at end of the Year
 Depreciation @5%,25%, 20% and 10%
Depreciation Base Carried Forward

Building	Computer & Accessories	Other Business Assets	Intangible assets	Depreciation Total
269,359,489	46,793,864	255,847,015	8,165,326	580,165,694
(8,000)	(2,103)	(1,804,419)	-	(1,814,522)
-	35,350,798	40,982,820	-	76,333,618
269,351,489	82,142,559	295,025,416	8,165,326	654,684,790
(13,467,574)	(20,535,640)	(59,005,083)	(816,533)	(93,824,830)
255,883,914	61,606,919	236,020,333	7,348,793	560,859,960





Oromia International Bank S.C. Notes to Accounts - Conventional Banking For the Year Ended 30 June 2017

24 Deferred Tax Asset/Liability

	Birr	2016
Depreciation and Amortization Computed for Reporting Purpose	99,952,255	67,386,040
Depreciation and Amortization Computed for Tax Purpose	(93,824,830)	(77,152,376)
Temporary difference	6,127,425	(9,766,336)
Deferred Tax Asset / Liability @30%	1,838,227	(2,929,901)
Balance brought forward	(2,801,270)	128,631
Balance carried forward	(963,043)	(2,801,270)

25 Earning per Share

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

26 Certain comparative figures were reclassified where necessary to facilitate comparison.

27 Commitments and Contingent Liabilities

	Birr	2016
Guarantees Issued and Outstanding	816,641,767	550,870,326
Commitments on Letter of Credit net of Margin Paid	261,685,533	256,673,798
Liability on acceptance of Letter of credit	2,766,273	2,766,273
TCG Issued and Outstandings	6,850,000	24,650,000
Loan Approved but not Disbursed	311,130,788	241,666,397
Unutilized overdraft and other facility	474,048,579	568,565,959
	1,873,122,940	1,645,192,754

28 Memorandum Account

	Birr	2016
Interest on non-performing loans	26,258,765	15,493,368
Money bags	9,236	7,849
Outward bills for collections-sight	12,791,488	14,314,431
Outward bills for collections-other Banks	(123,728)	(236,360)
Inward bills for collection-sight	3,106,687	16,128,777
Inward bills for collection Acceptance	-	1,069,773
Interest on loans and advances in litigation	(4,873)	-
	42,037,574	46,777,839





Oromia International Bank S.C
Balance Sheet - Interest Free Banking
As At 30 June 2017

	Notes	Birr	2016
Assets			
Cash and Deposits	1	1,141,686,163	650,298,793
Other Assets	2	251,094,214	135,978,006
Interest Free Financing	3	1,021,802,609	491,753,348
Property, Plant and Equipment	5	202,612	-
Total Assets		2,414,785,598	1,278,030,147
Liabilities			
Customer Deposits	6	2,030,081,603	1,111,929,240
Arbun Held on Letter of Credit		111,038,513	3,045,962
Other Liabilities	7	141,742,358	123,973,410
Correspondent Account with Head Office	4	92,346,187	27,357,074
Profit Tax Payable	14	39,576,937	11,724,460
Total Liabilities		2,414,785,598	1,278,030,147

Ato Gadissa Bultosa
Chairman of the Board of Directors



Ato Abie Sano
President





Oromia International Bank S.C Income Statement - Interest Free Banking For the Year Ended 30 June 2017

Income	Notes	Birr	2016
Income from Financing		108,935,034.09	33,148,044
Commission Income	8	20,637,361.61	5,857,032
Service Charge	9	30,272,622.99	17,811,679
Other Income	10	343,445.88	199,028
		160,188,465	57,015,783
Expenses			
Profit Sharing on Unrestricted Mudharabha Investment		903,531	179,071
General and Administrative Expenses	11	424,624	5,838
Salaries & Benefits	12	7,919,135	-
Loss on Foreign Exchange Holding		1,666,778	661,513
Provision for Murahabah Financing		16,068,873	17,087,826
Provision for Other Assets		1,282,400	-
Total Expenses		28,265,341	17,934,248
Profit before Tax		131,923,124	39,081,534
Provision for Profit Tax	13	(39,576,937)	(11,724,460)
Profit after Tax		92,346,187	27,357,074
Transfer to Head Office Account		(92,346,187)	(27,357,074)
Net Profit After Tax		-	-

Ato Gadissa Bultosa
Chairman of the Board of Directors



Ato Abie Sano
President





Oromia International Bank S.C

Cash Flow Statement - Interest Free Banking

For the Year Ended 30 June 2017

	Birr	2016
Cash Flow From Operating Activities		
Net Profit for the year	131,923,124	39,081,534
Adjustment for:		
Transfer From Profit Account to head office account	(92,346,187)	(27,357,074)
Provision for Murahabah Financing	16,068,873	17,087,826
Cash Flow From Operation before Changes in Working Capital	55,645,810	28,812,287
Decrease (Increase) in IFB Financing excluding provision	(546,118,135)	(252,690,306)
Decrease (Increase) in Other Assets	(115,116,208)	(73,442,027)
Decrease (Increase) in Head Office Account	-	-
Decrease (Increase) in correspondent Account with Head Office	64,989,113	109,336,899
Increase (Decrease) in Deposits	918,152,363	392,010,364
Increase (Decrease) in Arbut Held on Letter of Credit	107,992,551	1,132,845
Increase (Decrease) in Other Liabilities	17,768,948	60,113,213
Cash Flow From Operation before Changes in Working Capital	447,668,632	236,460,987
Profit tax Paid	(11,724,460)	(2,907,433)
Net Cash Inflow from Operating Activities	491,589,982	262,365,841
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(202,612)	-
Changes in Cash and Cash Equivalents	491,387,370	262,365,841
Cash and Cash Equivalent at the Beginning of the Year	650,298,793	387,932,952
Cash Balance at the end of the year	1,141,686,163	650,298,793

(Handwritten signature of Ato Gadissa Bultosa)

Ato Gadissa Bultosa
Chairman of the Board of Directors



(Handwritten signature of Ato Abie Sano)

Ato Abie Sano
President





Oromia International Bank S.C

Notes to the Accounts

For the Year Ended 30 June 2017

1 Cash and Deposits

	Birr	2016
Cash on Hand- Local Currency	314,744,890	515,996,332
Issue Account with NBE-IFB	331	134,302,461
Deposit Foreign bank	826,940,942	-
	1,141,686,163	650,298,793

2 Other Assets

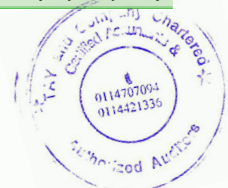
	Birr	2016
Profit Receivable from Murahabah Financing	172,434,953	108,779,843
Uncleared Effect -Local	43,982,285	19,168,854
Uncleared Effect -Foreign	32,299,019	7,816,374
Staff Debtor	327,369	-
Miscellaneous	1,351,747	-
Supplies Stock	698,841	212,936.29
	251,094,214	135,978,006

3 Murahabah Financing

	Birr	2016
Murahabah Financing-Agriculture	36,581,443	22,724,706
Murahabah Financing-Agriculture Merchandise	1,422,435	7,205,515
Murahabah Financing-Domestic Trade and Services	284,102,643	123,284,212
Murahabah Financing-Industry	65,809,138	66,707,608
Interest Free Export Facility Financing	313,820,911	80,427,939
Murahabah Financing-Import	154,612,803	80,990,939
Murahabah Financing-Construction	84,655,359	27,933,150
Murahabah Financing-Transport and Communication	97,270,791	87,393,801
Murahabah Financing-Hotel and Tourism	13,534,179	12,173,304
Murahabah Financing-Consumer & Personal	3,149,606	-
	1,054,959,309	508,841,174
Less: Provision for IFB Financing	(33,156,700)	(17,087,826)
	1,021,802,609	491,753,348

4 Correspondent Account With Head Office

	Birr	2016
Transfer From Profit Account	(92,346,187)	(27,357,074)
	(92,346,187)	(27,357,074)





Oromia International Bank S.C

Notes to the Accounts

For the Year Ended 30 June 2017

5 Property, Plant & Equipments

Cost	Balance at 30 June 2016	Additions	Transferred/ Adjustment	Balance at 30 June 2017
Building	-	-	-	-
Motor Vehicles	-	-	-	-
Furniture & Fittings	-	140,960	-	140,960
Office Equipments	-	20,539	-	20,539
Computer & Accessories	-	64,432	-	64,432
Construction in progress	-	-	-	-
	-	225,931	-	225,931
Depreciation				
Building	-	-	-	-
Motor Vehicles	-	-	-	-
Furniture & Fittings	-	13,211	-	-
Office Equipments	-	2,054	-	2,054
Computer & Accessories	-	8,054	-	8,054
	-	23,319	-	23,319
Net Book Value				202,612

6 Deposits

	Birr	2016
Amana Deposit-Private Sector	594,653,827	361,678,259
Amana Deposit-Public Agency and Enterprise	1,918,878	414,105
Amana Deposit-Co-operative and Association	8,839,523	4,187,838
Amana Deposit-Resident FCY Account (RFCY)	-	121,869
Amana Deposit-Non-Resident FCY Account (NRFYC)	8,608,168	7,906,746
Amana Deposit-Diaspora Non Resident Foreign Currency Account	1,540,995	1,673
Amana Deposit-Foreign Currency Retention Account	28,716,155	3,704,045
Mudhurabaha-Private Sector	27,976,420	17,643,562
Wadi'ah-Private Sector	1,334,524,966	703,139,252
Wadi'ah-Public Agency And Enterprise	2,530,492	1,264,722
Wadi'ah-Microfinance Institution	50	50
Wadi'ah-Co-operative and Association	20,045,260	11,681,421
Wadi'ah -Labbaik Account	627,703	178,989
Wadi'ah-Provident Account-OIB Staffs	99,167	6,711
	2,030,081,603	1,111,929,240





Oromia International Bank S.C

Notes to the Accounts

For the Year Ended 30 June 2017

7 Other liability

	Birr	2016
Other Provisions	1,282,400	-
MTs Payable Local	815	-
Income Tax Payable	14,819	-
Withholding Tax payable	58,819	-
Stamp Duty Charge	13,648	1,820
Exchange Payable to NBE	2,072,348	665,933
Adjustment and Refund	3,005	-
Miscellaneous	2,049,948	224,781
Hamish Jiddiya Payable	5,670,445	13,926,487
Deferred Murahabah Profit	129,967,602	108,779,843
Charity Fund Payable	608,509	374,546
	141,742,358	123,973,410

8 Commission Income

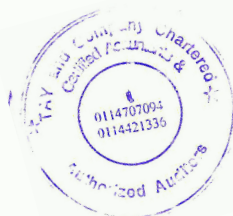
	Birr	2016
Commission on Foreign Transactions	18,769,310	4,409,376
Commission on Letter of Guarantee	1,319,591	731,697
Commission-Local	481,026	253,150
CPOs and Cheque paid	50	10
OTCPs, TT's & ABB	67,384	462,799
	20,637,362	5,857,032

9 Service Charges

	Birr	2016
Service Charge-Local	133,085	446,245
Service Charge-Foreign	30,139,538	17,365,434
	30,272,623	17,811,679

10 Other Income

	Birr	2016
Estimation, Inspection and Arrangement fee	219,475.41	160,200
Telephone, Postage and Money bag	37,084.20	5,186
Other Income-Miscellaneous	66,962	32,433
Cash Surplus	19,924	1,209
	343,446	199,028





Oromia International Bank S.C
Notes to the Accounts
For the Year Ended 30 June 2017

11 General and Administrative Expenses

	Birr	2016
Advertisement and Publicity	2,421	-
Bank Charges	120	-
Cheque Books	55,709	1,853
Cleaning Supplies	4,161	-
Depreciation and Amortization	23,319	-
Entertainment	3,887	-
Miscellaneous	42,972	1,827
Motor vehicle inspection	654	-
Perdiem and Accommodation	29,444	-
Petrol and Lubricants	39,029	-
Postage	4,839	1,174
Repair and Maintenance	1,319	-
Revenue Stamp	-	-
Stationary and Printing	74,992	985
Supplies expense	19,262	-
Telephone, Swift and Internet	100,379	-
Transportation	19,905	-
Wages	2,210	-
	424,624	5,838

12 Salaries and Benefits

	Birr
Accrued Leave Pay	107,700
Bonus	143,238
Cash Indemnity Allowance	312,433
Clerical Staff Salaries	4,311,017
Fuel and Transportation Allowance	688,365
Hardship Allowance	260,529
Managerial Staff Salaries	958,025
Medical	91,065
Non Clerical Staff Salaries	59,140
Overtime Payments	1,500
Provident Fund Contribution	760,450
Housing Allowance	160,997
Representation Allowance	43,350
Severance and Top Up Allowance	7,000
Staff Insurance	10,926
Training and Education	2,800
Uniforms	-
Utility Allowance	600
	7,919,135





Oromia International Bank S.C
Notes to the Accounts
For the Year Ended 30 June 2017

13 Provision for Taxation

Profit before tax
 Taxable Profit
 Provision for Taxation (at 30% tax rate)

Birr	2016
131,923,124	39,081,534
131,923,124	39,081,534
39,576,937	11,724,460

14 Profit Tax Payable

Opening Balance
 Profit Tax Paid During the year
 Current Year Provision for Profit Tax

Birr	2016
11,724,460	11,724,460
(11,724,460)	(11,724,460)
39,576,937	11,724,460
39,576,937	11,724,460

15 Commitments and Contingent Liabilities

Guarantees Issued- Local
 Outstanding Import L/C Account net of Arbun held
 Approved Murahabah but not Financed
 Undrawn IFB Export Facility Financing

Birr	2016
34,729,459	19,497,122
186,269,056	30,122,456
363,736,772	432,789,942
423,339,090	213,572,061
1,008,074,377	695,981,582

16 Memorandum Accounts

Inward Bills for Collection-sight
 Outward Documentary Bills for collections-sight

Birr	2016
(892,603)	(8,342,479)
38,356,272	35,496,705
37,463,669	27,154,226





Kaampaanii Inshuraansii Oromiyaa W.A.
ኦሮሚያ ኢንሹራንስ ኩባንያ አ.ማ.
Oromia Insurance Company S.C.

Corporate Head Quarters

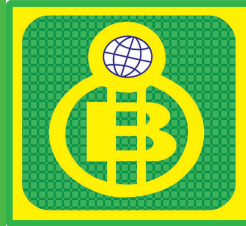
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- 2. Non- life**
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Through its:-

- 19 City Branches**
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- 3 Contact Offices**



OROMIA INTERNATIONAL BANK S.C



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