



OROMIA INTERNATIONAL BANK S.C.



ANNUAL REPORT

July 1, 2014 - June 30, 2015

Peoples' Bank!





Oromia International Bank S.C.



Annual Report July 1, 2014 - June 30, 2015



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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

-  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 employees and customers,
-  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.

Peoples' Bank !



BOARD OF DIRECTORS



Obbo Abera Tola
Board Chairperson



Obbo Gadissa Bultosa
Vice Chairperson



Dr. Likissa Dinsa
Member



Dr. Hirut Terefe
Member



Dr. Fikre Lemessa
Member



Kab. Gebru Gebermariam
Member



Dr. Amenu Oljirra
Member



Dr. Firdissa Jebessa
Member



Adde Aynalem Megersa
Member



Obbo Damenu Tulu
Member



Obbo Didha Dirriba
Member



Obbo Eshetu Erena
Board Secretary



1. MESSAGE FROM THE BOARD CHAIRPERSON

A Year of Substantial Growth!

The Board of Directors is pleased with OIB's achievements and optimistic about the year ahead.

Our bank has had another successful year, with financial outcomes that buttress our confidence in the strategy we are following. We set big goals and kept aiming higher to achieve our strategic objectives. As a result, the core businesses of the bank continued to show strong growth, and all of us – the Board of Directors, our employees and our customers – are satisfied by our synergized efforts and accomplishments. And we are very optimistic about the year ahead.



In the year, OIB generated Birr 849.5 million income, 294 million profit before tax 222 million profit after tax and declared Birr 166.3 million in the form of dividends. OIB has also mobilized total deposits of above Birr 8.00 billion, granted Loans and Advances including IFB Financing of above Birr 5.00 billion, built a total asset of Birr 9.5 billion, raised a paid up capital of Birr 678.7 million at the end of the year. The total number of branches reached 151 out of which 148 are already online at the end of the reporting year, number of our employees attained 2,425. The bank has also achieved a return on equity of 32%, profit margin of 26% and return on asset of 3.75%, earning per share of Birr 364 and thus the return for the year reached 36.4% in gross.

This consistent growth and performance have been driven by a highly disciplined strategy and priorities outlined by the Board and Management. But it also reflects something profound – a mind-set in how people across this organization think, act, and work together to achieve a common goal. Trust in OIB is the most valuable capital it maintains.

In OIB, we ardently believe that number alone shouldn't measure our performance, but by the values we create and contribute to the overall national transformation agenda and creating a middle-income society. Our confidence and success to this end is driven by our passion for supporting the 'missing middle' to succeed and become entrepreneurs, backbone of our economic growth and instrument of change to building a better future for all.

The introduction of new products like Interest Free Banking over the past one-year has captured the imagination and interest of employees, competitors and customers alike. IFB purposefully complements the bank's culture of service, where our employees' dedication and commitment to customers continue to be driving forces in our performance. We fully understand that the digital revolution is opening up unprecedented avenues of opportunities and altering the very nature of traditional banking. Our customers want answers to the questions that matter- they want processes that make things simpler and technologies that help them get where they need to go next. We fully appreciate and understand our limitations in this regard, but we will get there. As people take money personally, so do we.

Achieving success in the current economic and financial environment is challenging. The banking industry is highly competitive and fast changing – and uncertainty is inherent. While the global economy continues to improve, new risks are beginning to materialize. We are very conscious of these risks, and your Board of Directors considers risk assessment and risk management to be among its principal responsibilities. We remain confident that our measured approach and strong processes will allow us to make the most of the opportunities ahead as we continue to grow and strengthen the bank. And these opportunities are many.



We look forward to working with the National Bank of Ethiopia, our CEO and the leadership team to capitalize on them, while managing risk well, embracing innovation and paying close attention to our productivity performance.

As your representatives, we thank all our shareholders for your continuing confidence in OIB and the direction we are headed. It is a privilege to serve you.

Abera Tola Geda
Board Chairperson
November, 2015



MANAGEMENT MEMBERS



Obbo Abie Sano
President



Obbo Mergia Diriba
Chief- Operating Officer



Obbo Teferi Mekonnen
V/P- Corporate Support



Obbo Israel Terefe
V/P- Operations & Relationship Management



Obbo Tesfaye Basha
A/V/P- Information Technology



Obbo Alemayehu Demise
Chief-Risk Management & Compliance



Obbo Berhanu Gonfa
Director-Materials & Services



Obbo Wolde Bulto
Director-Credit Management



Obbo Tatek Nagassa
Director-IT Systems Operations



Obbo Shiferaw Amenu
Director-Legal Services



Obbo Gelana Leta
Director-Human Resource Management



Obbo Endale Foye
Director-Branch Operations



Obbo Fati Haji
Director-IT Modernization Office



Obbo Berhanu Edae
A/Chief - Internal Audit



Obbo Neway Megersa
Director-Planning & Business Dev't



Obbo Girma Bersisa
Director-International Banking Services



Obbo Nuri Hussien
Director-Interest free Banking Services



Obbo Jote Kenate
Director-Accounting & Treasury



2. MESSAGE OF THE PRESIDENT



Dear respected shareholders and all stakeholders of OIB; I am pleased and honored to make this brief statement about the performance of our Bank for the financial year 2014/15 on behalf of the management and employees of our Bank. During the year, our Bank has managed to record yet another high level of achievements in all operational and financial performance parameters withstanding the immense challenges encountered from both global and local markets and the ever intensifying domestic competitions.

During the year 2014/15, though global economy has shown slight improvement relative to the

preceding years in general, the economies of countries which are major export destinations for Ethiopian primary export commodities such as China and the Middle East has been in challenge. Consequently, international prices for Ethiopia's major primary export commodities have shown a significant decline adversely impacting on external trade of our country. As a result, the national export earnings underperformed both the government's target of the year and that of last year similar period. On the other hand, private inward remittances have also been in a declining trend. These situations adversely affected our international banking operation through its impact on foreign currency earnings. On the other hand, there had been a huge demand for foreign currency in the face of constrained supply while there is a continued national economic growth that demands more resources. Moreover, the banking industry was also pursued aggressive branch network growth which itself demanded huge resources igniting intense competition among the industry players. As a result, all banks including OIB has left no stone unturned to win the competition for resources such as foreign exchange, deposit, human resources and branch offices though the rate of their successes vary depending on effectiveness and intensity of their respective strategies and commitments.

Dear respected shareholders, Guests of Honor and our Staff; despite all the challenges, OIB has managed to achieve a record high operational performance during the year. Above all, I feel that these achievements are encouraging for our Bank, as it is rooted on a sustainable basis, which is evidenced by a consistent year-on-year growth. For instance, we managed to mobilize a net deposit of over Birr 3 billion just in the fiscal year 2014/15, which is the second highest net deposit mobilized in the private banking industry. As a result, our total deposit has increased by 60% from last year. Similarly, our asset has jumped by 55%, our loans and financing has surged by 97% and our total income has grown by 56% year-on-year. Despite the national decline in FCY (foreign currency) earnings from core FCY sources such as export and private remittances, we have managed to maintain our modest growth trend, mainly attributable to our unmatched export focused lending in the year that raised our FCY earnings from export significantly though it was still materially less than our expectations. The continued growth in our branch network which further improved our accessibility had also helped us to narrow the shortfall in FCY earnings from remittances. These outstanding operational results encourage us to strive for a much higher performance so as to



position OIB as a leading private bank in the foreseeable future. Our aspirations got momentum by the growth and expansion strategy we pursued during the year in which we managed to open 45 new branches that put OIB at the third private bank in terms of total branch network. This fast paced expansion has increased our total staff by 29% and contributed its significant part in the growth of our total operating expenses by 63% which, however, generated a 44% growth in net profit after tax. These commendable achievements are the result of a concerted effort by the Board of Directors, Management and Employees of our Bank. It is also the manifestation of our customers' sustaining trust in and preference for OIB.


As part of our strategic move, we have exerted immense effort to enhance our organizational capability through technological innovation. In this regard, we have streamlined our IT process and earmarked a significant amount of investment to modernize our IT process and our e-banking delivery channels. As part of this effort, we have procured a Mobile and Agent banking system and all the required documentations are finalized which is to be submitted to the regulatory body and we are exerting all effort to launch the agent and mobile banking operation in this succeeding fiscal year. Also, we have enhanced the Interest Free Banking operation which is believed to further strengthen our position and image in the banking industry. Our strategy of recruiting and grooming fresh university graduates has firmly continued in line with our commitment for superior performance that can be achieved by synergizing the youngsters' ambitions and energy with the wisdom and skill of our senior staffs.

Dear respected shareholders, Guests of Honor and our Staff; while it is encouraging to report achievements and strong results, we know that there is a long way to go to sustain the envisaged long-term growth of our Bank which can only be achieved by enhanced operational excellence, improved customer service and advanced technological innovation and technological capabilities for which we promise our commitment and endeavor to make them our regular priority agendas.

In conclusion, I would like to emphasize that these encouraging achievements have never been a reality without the huge trust and confidence that our customers have with OIB and the commitment and support of our shareholders. Our employees' relentless effort and determination for result has also been instrumental in our successes for which I am obliged to say I THANK YOU ALL! The tremendous commitment shown by our Board of Directors and the freedom of action we have been given, were always the secret for our successes to which I would be sincerely grateful.

Last but not least, the guidance and support of our regulators—the National Bank of Ethiopia and the Financial Intelligence Center were a good guide to keep us on the right track for which we always commit ourselves to strictly follow their advices and request for such a continued guidance and support. We remain thankful for their support.

Dear all stakeholders; in this opportune moment, I would like to renew our commitment to strive for much higher results and fulfill our vision of “Becoming the Bank of Your First Choice”.

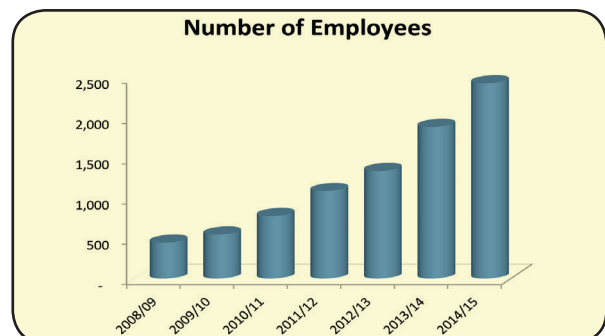
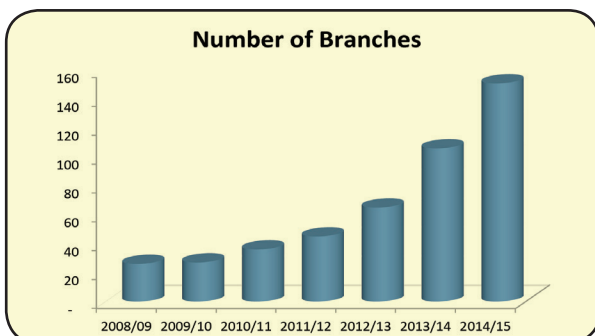
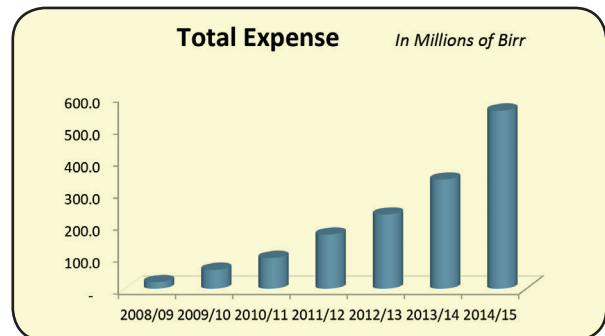
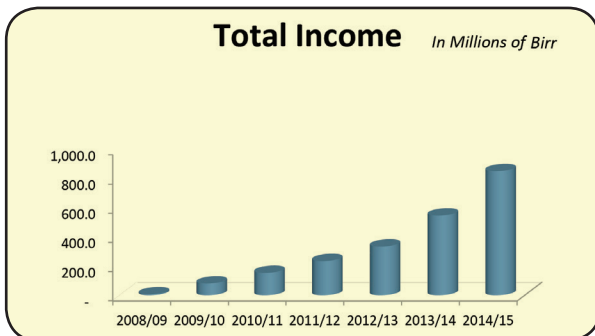
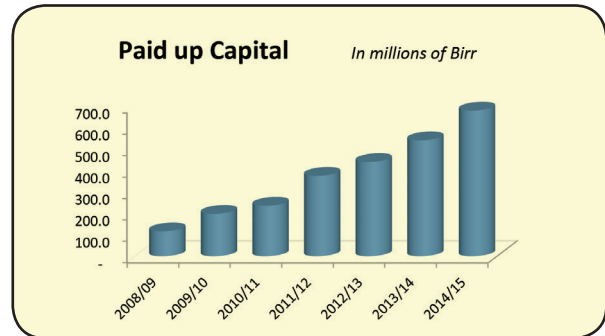
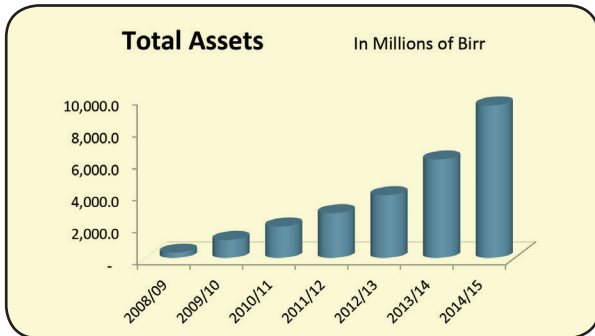
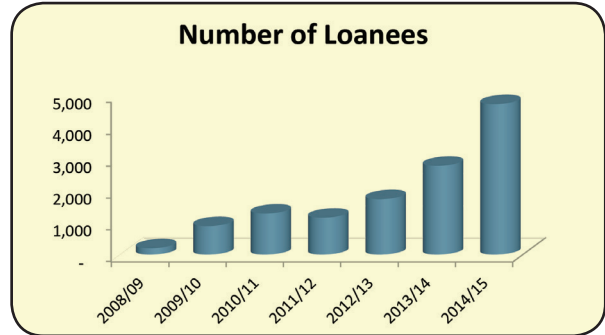
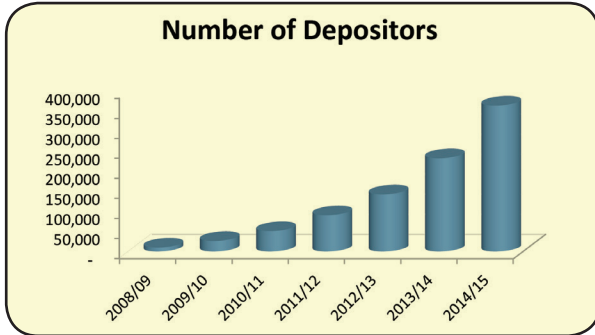
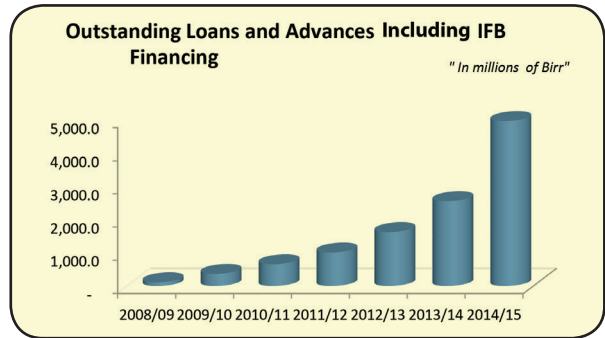
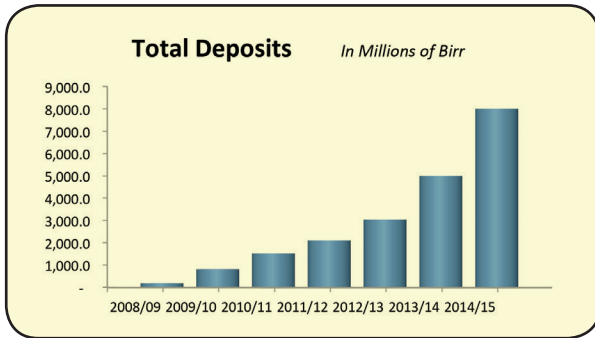


Abie Sano
President



KEY PERFORMANCE FACTS @ JUNE 30, 2015







BOARD OF DIRECTORS' REPORT

The Board of Directors of Oromia International Bank S.C hereby presents the Annual Performance Report of the Bank for the year ended 30th June 2015 to the 6th Annual General Assembly of its Shareholders as follows:

3. CORPORATE CONSOLIDATED FINANCIAL STANDINGS AND OPERATIONAL PERFORMANCE HIGHLIGHTS

The Board of Directors and the Management of OIB hand-in-hand with the whole staffs and stakeholders are determined to strongly compete in the Ethiopian Banking Industry with the objectives of achieving its establishment mission and vision. Therefore, drawing basic and important lessons from previous years' experience is very crucial. In view of this, the following parts of the report tries to present key financial positions and high level performance report for the year with a special focus to its achievements, challenges and over all directions of the business for the year ended June 30, 2015.

3.1 DEPOSIT MOBILIZATION

The corporate total deposit of the Bank surged to Birr 8.006 billion which is a 60% growth from last year position of Birr 5.004 billion. This performance was achieved through continuous and coordinated marketing activities, strong and continuous periodical performance evaluations, new product development and introductions, fast paced branch network expansion and business networking that capitalized on the already well-established public trust.

The major part of the aggregate deposit goes to saving with a share of 54% followed by demand and fixed time deposits shares of 42% and 4% respectively.

The total number of deposit customers also increased by 63% from a year earlier number of 223,375 to a total of 363,167 at the end of June 2015 which proved the public confidence and enforced "Peoples' Bank" motto for all during the reporting financial year.

This is a witness that the Bank is developing a public confidence from time to time as its stable and fairly priced deposit share is taking upper hand and the costly and unstable deposit share is declining from year to year.

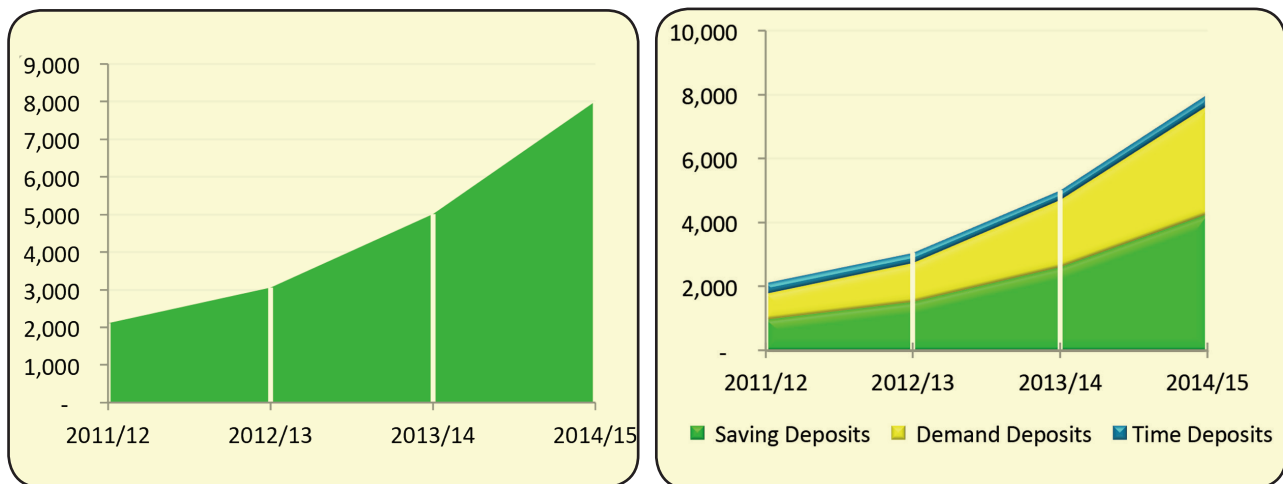
Table 1: Break Down of Deposit by Type

(In millions of Birr)

ITEMS	June 30, 2015	June 30, 2014	% Growth	%Share 2015	%Share 2014	Comparison Graph of 2015 and 2014
Time Deposits	348	292	19	4%	6%	
Demand Deposits	3,380	2,101	61	42%	42%	
Saving Deposits	4,278	2,612	64	54%	52%	
Total Deposits	8,006	5,004	60	100%	100%	



Chart: 1 Total Deposit Composition and the Aggregate Growth Trend



3.2 Loans and Advances and IFB Financing

The Bank’s total Loans and Advances including IFB financing has reached Birr 5.02 billion as at June 30, 2015 with a record high incremental amount of Birr 2.47 billion or 97% growth from last year same period. The observed huge increment was due to the strategic move taken by the Management of the Bank to boost the business of the Bank from sustainable source. Regarding the composition of credit and financing, DTS is a leader taking the highest share of 34% followed by Export 20% share, Housing and Construction with a share of 10% and Import and Transport both 8% during the year.

Table-2: Loans and Advances and IFB Financing by Economic Sector (In millions of Birr)

Economic Sector	Amount		% Growth	%Share, Graphical presentation	
	2015	2014		2015	2014
Domestic Trade and Services	1687.5	861.2	96	33.6	33.8
Export	1002.7	402.5	149	20.0	15.8
Housing and Construction	523.7	321.5	63	10.4	12.6
Import	403.7	168.7	139	8.0	6.6
Transport and Communication	400.5	189	112	8.0	7.4
Hotel and Tourism	365	241.5	51	7.3	9.5
Industry	332.2	155.1	114	6.6	6.1
Personal and Mortgage Loans	199.5	81.6	144	4.0	3.2
Agriculture	93.7	75.8	24	1.9	3.0
Financial Institution	12.9	51.5	-75	0.3	2.0
Mines, Power & Water Resources	1.8	3.3	-45	0.0	0.1
Total	5,023	2,552	97		

3.3 FOREIGN CURRENCY GENERATION

The total foreign currency generated by International Banking Functions of OIB, as at June 30, 2015 stood at USD 224.89 million, exhibiting a growth of 38% compared with that of the preceding financial year similar period performance.

The Foreign Currency market was a challenge throughout the reporting year and unpredictable one particularly for less developing countries such as Ethiopia due to the low price of primary commodities in international market on which these countries are depending for their export



revenue, exporters hoarding in expectation of international market price improvement and the declining trend of foreign remittance which is a cumulative effect for the underperformance of national export target and even that of last year national performance.

The total foreign currency of OIB is growing from year to year despite all the challenges globally and locally, owing to the significant emphasis made to exporters financing.

Table 3: Break down of foreign currency generation (millions of USD)

	2015	2014	% Growth	% Share 2015	% Share 2014	Comparison Graph of 2015 and 2014
Forex dealing	1.00	0.50	100	0.4	0.3	
Purchase	7.63	3.85	98	3.4	2.4	
Remittance	80.90	84.76	-5	36.0	52.0	
Export	135.36	73.97	83	60.2	45.4	
Total	224.89	163.08	38%	100	100%	

4. FINANCIAL PERFORMANCE

4.1 INCOME

OIB registered a record-high corporate aggregate income of Birr 849.5 million during the ended financial year 2014/15, which exhibited a growth of 56% compared with the result achieved in the preceding year similar period.

Looking into the components of the total income, Interest Income from conventional Banking and profit earned from IFBW constitutes 61% followed by Commission and Service Charges 27%, gain on foreign currency dealings and holdings 10%, and other income 2% as at end of June 2015.

Table 4: Income composition for the financial year ended June 30, 2015 (In '000' of Birr)

Income Items	2015	2014	% Growth	%Share 2015	%Share 2014	Comparison Graph of 2015 and 2014
Other Income	16,758	11,609	44	2	2	
FCY dealings and holdings	85,122	50,011	70	10	9	
Commission and Service charges	229,794	157,236	46	27	29	
Interest Income + Profit from IFBW	517,846	326,599	59	61	60	
TOTAL INCOME	849,520	545,455	56	100	100%	



4.2 EXPENSE

During the 2014/15 FY, the total expenses of the Bank had reached Birr 555.5 million up by 63% compared to the preceding year balance. Out of the total expenses, employee salary and benefit constituted 38.48% followed by General and Administrative expenses 33.33% and Interest paid on savings and fixed time deposits 28.2% during the financial year under review.

Table-5: Composition of expenses by type (In '000' Birr)

Expense Items	2015	2014	% Growth	%Share 2015	%Share 2014	Graph of 2015
Interest Expense	156,636	101,400	54	28.2	29.8	
General & Administrative Expense	185,152	114,276	62	33.3	33.6	
Salary & Employee Benefits	213,756	124,887	71	38.5	36.7	
TOTAL Expense	555,544	340,563	63	100.0	100.0	

All expense items recorded a significant growth parallel with the trends of business volume and expansion of the Bank during the reporting period. Accordingly, interest expense has increased by 54% over the preceding year level. This is purely because of the substantial growth of savings and balance of time deposits during the financial year. The expenses for employee salary and benefits also grew by Birr 88.9 million or 71% mainly as a result of the huge number of new employments during the reporting period for existing business expansion and massive new branch opening in addition to employees pay adjustment during the period under review.

4.3 PROFIT

After deducting all operating expenses and holding adequate provisions for possible bad debts of non-performing assets, the Bank’s net profit before tax and after tax for the financial year is Birr 294 million and Birr 222 million, which have exhibited a percentage growth of 43.5% and 43.7% over the preceding year performance respectively.

4.4 RETURN ON ASSETS AND PAID-UP CAPITAL

The Bank’s Return on Assets (ROA) expressed as the ratio of profit before tax to average assets reached 3.75% during the financial year 2014/15, while the return on equity (profit before tax to average total capital employed) is 32% for the reporting period. The net profit margin of the Bank (net profit after tax divided by total income) is 26% for the year ended June 2015. Similarly, earning per share of the Bank (net profit balance divided by average number of shares outstanding) is Birr 364 which means the share with par value of Birr one thousand earned a return of Birr 364 for the financial year 2014/15 while the possible average dividend per share is about Birr 272 exhibiting improvement of 15% relative to last year similar period.

4.5 DISTRIBUTION OF NET PROFIT

After making appropriate deductions of business profit tax, from gross profit earned during the fiscal year, the Bank generated a net profit of Birr 221,796,710. The Board of Directors, therefore, requests the General Meeting of Shareholders to endorse, Birr 55,449,178 to be kept in the legal reserve as per the requirement of Banking Business Proclamation No. 592/2008 Art 19 (1) and the remaining amount of Birr 166,347,533 to be paid out as dividends for all shareholders holding OIB shares in the fiscal year and to pay the Director’s fee of Birr 541,507 for their services as per the directives of the NBE.



5. CAPACITY BUILDING

5.1 HUMAN RESOURCES

The total staff strength of the Bank during the period under review reached 2,425 up by 28.8% or a net addition of 542 staff from last year number of 1,883 staff. Human resource development has been one of the prime focuses of the Bank since its inception. To this end, during the 2014/15 financial year, a total of 3,282 employees were trained on a number of topics to cope with the ever changing business environment as well as to provide efficient banking services to the customers.

5.2 INFORMATION TECHNOLOGY

Oromia International Bank has a strong passion and believes, from the date of its inception, that technology based banking shall be a major strategic orientation as it will be wholly the basis of competition ahead in this emerging Ethiopian Banking industry.

Accordingly, despite some minor problems which is of course improving from time to time, Core Banking System has been deployed to all the 45 newly opened branches during 2014/15 raising the number of branches already online to 148 branches out of the total 151 branches with the exception of branches located where telecom connectivity is not available yet. On top of this, during the year the major milestone has been laid towards launching the electronic banking channels such as mobile and agent banking, internet banking and card banking which will be expected to be launched in the coming Financial Year. For this, the Bank has earmarked a significant amount of investment for upgrading its data center and IT infrastructure which will serve as spring board for e-banking delivery channels.

5.3 BRANCH NETWORK EXPANSION

During the just ended financial year, the Bank has opened 45 new branches in Finfinne and up country making a total of 151 branches up by 42% from the previous year. This is a massive expansion which is notable at national level and highly contributing for the development of the industry, employment opportunity and hence national development.

6. FUTURE PLANS

OIB is firmly determined to be the gateway to the missing middle class of the society in which it operates, providing quality banking services, complying all regulatory requirements, with competent and ever learning employees and using state of the art technology with all financial access channels and extending loans to small and medium sized enterprises. OIB will enhance working with government, public and private investors, business owners and local communities to unlock the potential for greater agricultural productivity, alternative energy, and greater global markets access and job creation.

Eventually, for the purposes of providing fast, efficient and modern banking services to customers, the Bank will further strengthen and continue implementing, enhancing and modernizing technology based banking solution and access in the coming financial year to new branches, head office and to introduce new products/services such as card banking, mobile and agent banking, internet banking and other alternative banking services.

Fund mobilization has become one of the major challenging activities in the Ethiopian Banking Industry. Having understood this situation, the Bank will endeavor to attract prominent exporters and establish business relationship with renowned international money transfer service providers in the coming financial year as was in the previous years.

The Board and management will also work hard to increase the outreach of our interest free banking service which have been in operation over the last 18 months and showed promising performance as a potential product of the Bank.



On the deposit mobilization side, more strategically and economically feasible locations will be identified and more branches will be opened and concerted efforts will be made to improve deposit mobilization. Due attention will also be given to maintaining the quality of the Bank’s assets by strengthening sound risk management systems and practices.

We are also working to build our future headquarters complex at future financial hub of the city, branch offices in Zonal towns and to have modern own training center in Finfinne or surrounding Oromia Special Zone.

7. INTEREST FREE BANKING SERVICES PERFORMANCE

IFB window which was introduced in December 2013 has shown a remarkable year- on-year growth in most parameters within less than two years period. OIB is a pioneer Bank in introducing IFB products at a national level and there is a big opportunity to take advantage of the first mover as it can be seen from the progress and the response of the customers within this short period of time and with only limited products.

7.1 IFB Fund Mobilization

During the reporting period, the total IFB window deposit reached Birr 874 million including special saving deposit up by 143% from last year similar period balance. Being a new product at national level, with only limited IFB services introduced yet and hence with a limited cross selling and with conservative promotion approach, the Interest Free Banking Window has a share of 11% (Birr 874 million) from the corporate total deposit of the Bank which is a witness for the potential of the product in the Ethiopian Banking Industry in general and OIB in particular.

Table 6: IFB Break Down of Deposit by Type

Income Items	2015	2014	Growth	%Share 2015	%Share 2014	Comparison Graph of 2015 and 2014
Special Saving Deposit	153,898	183,902	(16%)	18%	51%	
Amanah Deposit	296,006	46,205	541%	34%	13%	
Wadiah Deposit	423,824	128,764	229%	49%	36%	
Total IFB Deposits	873,728	358,871	143%	100%	100%	

7.2 IFB Financing

The total IFB Financing disbursement to different economic sectors has reached Birr 256 million as at June 30, 2015. However, the Management has approved a total balance of about Birr 830 million, though the disbursement has been delayed due to the nature of the business and the financing of Musharak and Mudaraba has been constrained by Directives of regulator. On top of this, financing expansion effort has been a challenging exercise as the product is new to the market which needs an effort ahead of us.



Chart 7: Composition of IFB Financing by sector

(In '000' of Birr)

Income Items	2015	%Share	Graph of 2015
Murahabah Financing Agriculture	1,056	0.4%	
Murahabah Financing Housing and Construction	1,751	0.7%	
Murahabah Financing Industry	29,923	11.7%	
Murahabah Financing Domestic Trade and Services	38,560	15.1%	
Murahabah Financing Import	54,028	21.1%	
Murahabah Financing Export	60,832	23.7%	
Murahabah Financing Transport and Communication	70,000	27.3%	
Total IFB Financing	256,151	100.0%	

7.3 IFB Foreign Currency Generation

During the financial year 2014/15, the Bank generated a total Foreign Currency of USD 12.9 million through IFB window which is 5.7% from the corporate total foreign currency generation. There is a potential for more foreign currency generation when more IFB services are introduced and cross selling increased.

7.4 Income from IFB

During the reviewed financial year, IFB Window generated a total income of Birr 9.8 million out of which Commission and Service Charges took the lion share of 92.5% followed by Profit from IFB Financing 7.5%. This is 1.2% of the aggregate corporate income generated during the financial year 2014/15.

There is also unearned revenue of about Birr 58 million that has been recognized receivable from Murabaha financing during the reporting fiscal year.

Chart8: Composition of IFB Income by Type as at June 30, 2015

(In 000 Birr)

Income Items	2015	%Share	Graph of 2015
Other Income	67	0.06%	
Income from Financing	734	7.45%	
Commission and Service charges	9,045	92.49%	
Total Income From IFB	9,847	100%	

7.5 Windows and Customer base Expansion of IFB

In OIB, we are offering IFB operational products at 146 out of the total 151 branches and we serving customers at this 146 branches all the products of IFB that we are offering currently. On top of this, the customer base of IFB is fast increasing from time to time which reached 55,960 at the end of June 2015. We are also working on introducing new IFB products in a near future which is so promising in expanding both the business and customer base of the IFB wing of our Bank.



**Oromia International Bank (s.c)
Shariah Advisory Committee**



Sh. Saleh Nur Ahmed
Sharia Advisor



Sh. Aman Hussien Kabato
Sharia Advisor



Sh. Mukhtar Khadir Mohammed
Sharia Advisor

Annual Report for the Fiscal year ended 30 June 2015.

Dear Shareholders of Oromia International Bank S.C (OIB)

Pursuant to its Governance framework and commitment, Oromia International Bank has established its own Shariah Advisory committee (SAC), which operates on the authorities and Responsibilities as delegated and empowered to it by the Board of Directors of the Bank. Shariah Advisory Committee is ultimately responsible and accountable for the oversight and management of Shariah matters in the Bank's Interest Free Banking operations. Any cases of non-compliance with the Shariah by the Bank (OIB) shall be recorded and reported to the Board of Directors with appropriate remedial mechanisms.

The Bank's Management has the responsibility of shariah compliance for all Business transaction conducted by its IFB Department and Windows, whereas SAC is responsible to provide its independent and objective opinion regarding the soundness of the Shariah compliance systems that the Interest Free Banking operations of the Bank has been done in conformity with Shariah.

As such, specific assessment on basic issues of compliance in the areas of fund mobilization and Utilization by the Bank during the fiscal year ended 30 June 2015 has been done by taking samples and reviewing operations, documentation and transactions of the process (Wadiah, Amanah and Labbaik-Wadiah). They are treated separately from their conventional counterparts; supported by their own core banking system and accounting procedures. Deposit mobilized through these products during the year is more than 720 Million Birr (about 490% increase from last year same period) with enormous number of customer base (about 535% increase from last year same period).

Regarding Fund utilization (Financing and Investment), Interest Free Export Financing Facility (IFEFF) and Murabahah Financing are the only two financing products implemented by the Bank and approved by SAC so far. This fiscal year, we reviewed and approved Murabahah Financing operational manuals, agreement contracts, IFB Terms and Tariffs and its financing schemes.

In addition to the above, Members of our Shariah Advisory committee have also exhaustively involved in promoting and endorsing the Interest Free Banking products to the public by physically joining IFB Customer sessions held in various Regional, Zonal and Woreda Cities. We will continue doing same for the awareness and benefits of the public.

Our opinion:

- a) The fund mobilization products and fund utilization schemes by the Bank during the financial year ended 30 June 2015 were done in compliance with Shariah;



- b) The financing operations, Financed sectors, contracts, dealings and transactions undertaken by and/or entered into by the Bank during the fiscal year were in compliance with Shariah;
- c) Earnings like penalty against overdue were not incorporated in the bank's revenues and have been credited to charity account maintained at the Bank (Charity payable account, 2040318) and considered for disposal to charitable causes the future under SAC approval.
- d) The database for core banking and bookkeeping system is separately treated from conventional core banking system and thus it is shariah compliant.

Based on the internal and external controls that have been put in place, we are satisfied that the Management of OIB has planned and performed the necessary activities with due care and appropriate level of control.

Thus, in our opinion, to the best of our knowledge, the operations of Oromia International Bank – Interest Free Banking Department (Window) - for the year ended 30 June 2015 were conducted in conformity with the Shariah and deliberations made by us.

The Shariah Advisory Committee is so grateful to the OIB management and its staff for their commitment to the shariah compliance of its IFBW's business activities.

Date: 30 June 2015 GC

On behalf of the Shariah Advisory Committee:

Sheikh Saleh Nur-Ahmed
Shariah Advisor

Sheikh Muktar Khadir Al-Faqih
Shariah Advisor

Sheikh Aman Hussein
Shariah Advisor



Events of the Bank held during the year



Shareholders Meeting



Branch Inauguration



Management Meeting



Contribution to the Renaissance Dam and Gold Award





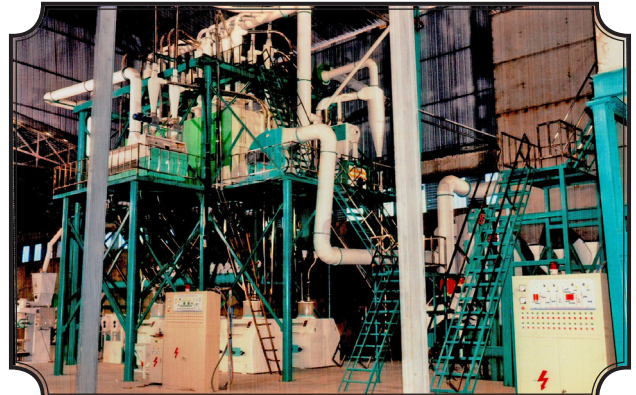
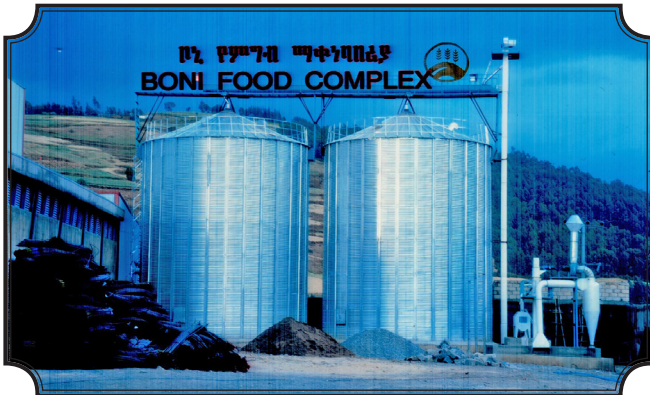
Projects Financed



Abulkhase PLC



Seid Yasin PLC



Boni Food Complex



Adulala Resort



AUDITORS' 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.)

We have audited the accompanying financial statements of Oromia International Bank S.Co., which comprise the balance sheet as at 30 June 2015, 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 2015 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
September 17, 2015



Oromia International Bank S.C.
Consolidated Balance Sheet
As at 30 June 2015

	<u>Notes</u>	<u>Birr</u>	<u>2014</u>
Assets			
Cash and Bank Deposits	3	1,674,864,006	1,864,405,136
Other Assets	4	685,137,588	461,530,843
Loans and advances (net)	2(e),5	4,706,574,502	2,517,984,409
Interest free banking-Financing	6	256,150,868	13,627,969
Investment in NBE Bills and Bonds	7.2	1,931,634,000	1,094,649,000
Property, Plant and Equipment (net)	9	182,807,756	113,715,350
Acquired Properties		20,645,337	19,481,515
Deferred Tax Assets		128,631	1,330,208
Deferred Charges (net)	2(d),8	15,141,392	10,498,511
Investments in Shares	7.1	61,766,000	54,437,566
Total Assets		<u>9,534,850,080</u>	<u>6,151,660,507</u>
Liabilities			
Customer Deposits	10	8,005,994,036	5,003,995,809
Margin Held On Letter Of Credit	11	168,260,555	183,688,201
Other Liabilities	12	296,820,778	163,879,546
Profit Tax Payable	27	70,851,246	51,575,568
Total Liabilities		<u>8,541,926,615</u>	<u>5,403,139,124</u>
Capital			
Paid up capital	13	678,695,065	540,499,429
Share premium		7,693,740	7,461,780
Legal reserve	14	140,728,635	85,279,457
Retained Earnings		165,806,026	115,280,717
Total Capital		<u>992,923,465</u>	<u>748,521,383</u>
Total Liabilities and Capital		<u>9,534,850,080</u>	<u>6,151,660,507</u>

Ato Abera Tola
Chairman of the Board of Directors

Ato Abie Sano
President





**Oromia International Bank S.C.
Consolidated Income Statement
For the Year Ended 30 June 2015**

Income	Notes	Birr	2014
Interest Income	15	517,111,582	326,599,322
Income From Murabahah Financing		734,124	-
Commission Income	16	66,055,207	53,902,666
Service Charges	17	163,739,004	103,332,944
Other Income	18	16,757,903	11,609,102
Gain on Foreign Currency	19	85,121,638	50,010,683
		849,519,458	545,454,717
Expenses			
General Expenses	21	150,751,600	103,740,851
Interest Expenses	22	156,635,774	101,400,119
Salaries & Benefits	23	213,756,337	124,886,921
Provision for Loans & Advances	2(e)	26,947,622	9,961,560
Provision for Other Assets		4,644,494	-
Project Period paid up capital & stock adjustment		-	206,740
Audit Fee		109,250	92,000
Directors Allowance	24	260,000	275,000
Loss On Foreign Currency and Other Charges	20	2,439,246	-
Total Expenses		555,544,323	340,563,191
Profit before Tax		293,975,135	204,891,527
Provision for Profit Tax	25	(70,976,848)	(51,595,507)
Deferred Tax Assets/ Liabilities		(1,201,577)	1,047,530
Profit after Tax		221,796,710	154,343,550
Transfer to Legal Reserve		(55,449,178)	(38,585,888)
Net Profit after Tax & Legal Reserve		166,347,533	115,757,662
Directors' Share on Profit		(541,507)	(476,944)
Retained Earning for the Year		165,806,026	115,280,718
Earning per Share of Birr 1,000	29	364	315

Ato Abera Tola

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 2015**

Currency: Ethiopian Birr

	<u>Birr</u>	<u>2014</u>
Cash Flow From Operating Activities		
Net Profit for the year	293,975,135	204,891,527
Adjustment for:		
Depreciation and Amortization	37,997,916	28,607,852
Provision for Loans and Advances	26,947,622	9,961,560
Provision for Other Assets	4,644,494	-
Paid Up Capital Adjustment	-	356,644
Fixed Assets Adjustments	267,847	233,203
Gain on Exchange Rate Fluctuation and Forex Dealings	(84,965,619)	(50,010,683)
Cash Flow From Operation before Changes in Working Capital	278,867,395	194,040,103
Decrease (Increase) in Loans & Advances excluding provision	(2,215,537,716)	(944,037,365)
Decrease (Increase) in Interest Free Banking-Financing	(242,522,899)	-
Decrease (Increase) in Other Assets	(223,606,745)	(337,787,298)
Decrease (Increase) in Acquired Properties	(1,163,822.00)	(19,481,514)
Increase (Decrease) in Deposits	3,001,998,227	1,953,556,506
Increase (Decrease) in Margin Held Account	(15,427,646)	9,147,419
Increase (Decrease) in Other Liabilities	119,725,419	49,834,024
Cash Generated From Operation	702,332,212	905,271,875
Profit tax Paid	(51,575,568)	(24,647,218)
Withholding Tax Paid	(125,602)	(19,939)
Net Cash flow from Operating Activities	650,631,042	880,604,718
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(107,300,649)	(38,103,064)
Investment in deferred Charges	(4,700,402)	(3,225,202)
Investment in NBE Treasury Bills	-	209,517,000
Special fixed time deposit with NBE	-	122,514,000
Investment in Shares	(6,772,771)	(8,309,989)
Investment in NBE Bills	(836,985,000)	(386,751,000)
Net Cash flow from Investing Activities	(955,758,821)	(104,358,255)
Cash Flow From Financing Activities		
Dividend Paid in Cash	(30,384,047)	(12,640,467)
Directors' Shares On Profit Paid	(476,944)	(529,167)
Share Capital Collected net dividend Capitalized	61,250,059	55,661,928
Share Premium Collected	231,960	3,770,288
Net Cash flow from Financing Activities	30,621,028	46,262,582
Effect of exchange rate fluctuation & FOREX dealing	84,965,621	50,010,683
Changes in Cash and Cash Equivalents	(189,541,130.65)	872,519,728
Cash and Cash Equivalent at the Beginning of the Year	1,864,405,136	991,885,408
Cash Balance at end of the year	1,674,864,006	1,864,405,136

Ato Abera Tola

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 2015

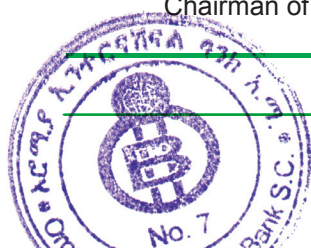
Currency: Ethiopian Birr

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Legal Reserve</u>	<u>Retained Earnings</u>	<u>Total Capital</u>
Balance at 1 July 2013	439,131,927	3,754,468	46,693,569	58,023,381	547,603,345
Dividend Capitalized	45,285,954	-	-	(45,285,954)	-
Dividend in Cash	-	-	-	(12,737,428)	(12,737,428)
Share premium Collected	-	4,061,182	-	-	4,061,182
Additional Shares Issued	60,186,045	-	-	-	60,186,045
Refunded to Shareholders	(4,524,117)	(290,894)	-	-	(4,815,011)
Share Capital Adjustment	356,644	-	-	-	356,644
Transfer from Share Premium	62,976	(62,976)	-	-	-
Profit for the Year	-	-	-	154,343,550	154,343,550
Directors' Share on profit	-	-	-	(476,944)	(476,944)
Transfer to Legal Reserve	-	-	38,585,888	(38,585,888)	-
Balance at 30 June 2014	540,499,429	7,461,780	85,279,457	115,280,717	748,521,383
Balance at 1 July 2014	540,499,429	7,461,780	85,279,457	115,280,717	748,521,383
Additional Shares issued	-	-	-	-	-
Share premium Collected	-	231,960	-	-	231,960
Collection from subscribed shares	83,246,059	-	-	-	83,246,059
Refund to shareholders	(21,996,000)	-	-	-	(21,996,000)
Share Capital Adjustment	-	-	-	-	-
Dividend Capitalized	76,945,577	-	-	(76,945,577)	-
Dividends Retained	-	-	-	-	-
Dividend in Cash	-	-	-	(38,335,141)	(38,335,141)
Profit for the Year	-	-	-	221,796,710	221,796,710
Directors' Share on profit	-	-	-	(541,507)	(541,507)
Transfer to Legal Reserve	-	-	55,449,178	(55,449,178)	-
Balance at 30 June 2015	678,695,065	7,693,740	140,728,635	165,806,026	992,923,465

Ato Abera Tola
 Chairman of the Board of Directors



Ato Abie Sand
 President





Oromia International Bank S.C.
Notes to the accounts
For the Year Ended 30 June 2015

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 in accordance with generally accepted accounting standards under the historical cost convention 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 translated at mid exchange rate ruling at the balance sheet dates. Mid exchange 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 are costs incurred during establishment of the bank and for branch openings. Pre-operation costs and software costs are amortized at 20% and 10% 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 SBB/43/2008 .





3 Cash and Bank Deposits

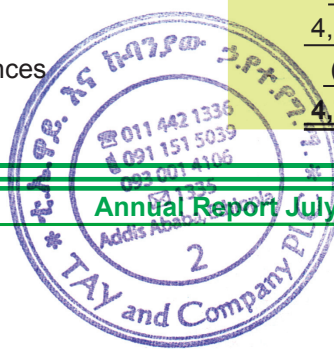
	<u>Birr</u>	<u>2014</u>
Cash on Hand- Local Currency	938,717,225	675,345,498
Cash on Hand- Foreign Currency	134,588,393	32,276,306
Reserve Account with NBE	400,000,000	260,000,000
Payment & Settlement Account with NBE	37,113,040	407,734,662
Issue Account with NBE	32,134,700	24,213,656
Deposit with Local Banks	74,613,742	214,556,834
Deposit with Foreign Banks	57,696,906	250,278,181
	<u>1,674,864,006</u>	<u>1,864,405,136</u>

4 Other Assets

	<u>Birr</u>	<u>2014</u>
Prepayments	372,075,293	270,145,416
Supplies Stock Account	5,260,986	9,869,543
Uncleared Effect - Foreign	72,414,371	46,702,836
Uncleared Effect - Local	88,794,049	73,751,079
Accrued Interest Receivables On NBE Bills	24,187,948	14,559,544
Accrued Receivables - Government Bond	299,178	-
Accounts Receivable - Local	82,411	144,620
Dividend receivable	-	3,438,856
Staff Debtors	38,344,452	21,497,315
Miscellaneous	15,499,432	907,135
Fixed Assets in Store	7,422,330	10,376,719
Profit Receivable from Murahabah Financing	58,077,453	-
Branch under Openings	2,679,685	10,137,780
	<u>685,137,588</u>	<u>461,530,843</u>

5 Loans and Advances

	<u>Birr</u>	<u>2014</u>
Agriculture	92,597,800	75,790,606
Industry	302,270,236	154,843,628
Domestic Trade & Services	1,648,891,632	866,217,383
Export	941,903,649	402,462,078
Import	349,682,968	164,499,714
Contruction	522,067,957	321,230,005
Transport & Communication	330,512,094	188,810,225
Hotel and Tourism	365,037,318	241,504,185
Mining,Power,& Water resources	1,761,074	3,309,500
Microfinance Institution	12,946,235	51,538,019
Consumer & Personal Loan	27,386,342	23,651,306
Mortgage Loans	172,118,156	57,781,095
	<u>4,767,175,460</u>	<u>2,551,637,744</u>
Less: Provision for Bad Loans & Advances	(60,600,958)	(33,653,336)
	<u>4,706,574,502</u>	<u>2,517,984,409</u>





6 Interest Free Banking-Financing

	<u>Birr</u>	<u>2014</u>
Murahabah Financing-Agriculture	1,056,180	-
Murahabah Financing-Industry	29,923,114	-
Murahabah Financing-Domestic Trade and Service	38,560,175	-
Interest Free Export Facility (Quard)	60,831,885	13,627,969
Murahabah Financing-Import	54,028,154	-
Murahabah Financing-construction	1,751,360	-
Murahabah Financing-Transport and communication	70,000,000	-
	<u>256,150,868</u>	<u>13,627,969</u>

7 Investments

7.1 Investments in Shares

	<u>Birr</u>	<u>2014</u>
Oromia Insurance S.C	10,396,000	6,956,577
Gutu Oromia Business S.C	3,250,000	3,250,000
Elemtu Integrated Dairy Industry S.C	10,000,000	4,900,000
Elemo Kiltu House Building	500,000	500,000
OIB - ODA Real Estate Plc	10,000,000	25,191,000
Ethio. Switch S.C	11,370,000	5,030,000
TBO Printing & Publishing S.C	7,500,000	1,875,000
Tsehay Industry S.C	8,750,000	6,734,989
	<u>61,766,000</u>	<u>54,437,566</u>

7.2 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. Moreover, the bank also purchased a 6% interest bearing government bond.

	<u>Birr</u>	<u>2014</u>
NBE Bills	1,921,634,000	1,094,649,000
Government Bond	10,000,000	-
	<u>1,931,634,000</u>	<u>1,094,649,000</u>

8 Deferred Charges

	Balance as at 30/06/2014 <u>Birr</u>	Additons <u>Birr</u>	Balance <u>Birr</u>
COST			
Establishment Cost	6,777,205	-	6,777,205
Software - Old	1,100,517	-	1,100,517
Software - New OMNI	10,440,991	4,700,402	15,141,393
Major Office Renovation Cost - Oda Branch	287,604	-	287,604
	<u>18,606,316</u>	<u>4,700,402</u>	<u>23,306,719</u>





AMORTIZATION

Establishment Cost	6,777,205	-	6,777,205
Software - Old	1,100,517	-	1,100,518
Major Office Renovation Cost - Oda branch	230,083	57,520.80	287,603.80
	8,107,805	57,520.80	8,165,326
Net Book Value	10,498,511		15,141,392

9 Property, Plant & Equipment

<u>Cost</u>	<u>Balance at 30 June 2014</u>	<u>Additions</u>	<u>Transfers/ Adjustments</u>	<u>Disposals</u>	<u>Balance at 30 June 2015</u>
Building	1,525,000	-	-	-	1,525,000
Motor Vehicles	69,186,318	54,760,401	(11,838)	-	123,934,881
Furniture & Fittings	30,435,971	16,864,556	1,428,310	(12,000)	48,716,837
Office Equipments	32,329,864	19,334,805	(2,014,216)	-	49,650,454
Computer & Accessories	34,139,921	15,878,534	(266,216)	-	49,752,239
Construction in progress	22,138,982	462,353	-	-	22,601,335
	189,756,056	107,300,649	(863,960)	(12,000)	296,180,745
Depreciation					
Building	114,375	76,250			190,625
Motor Vehicles	33,498,459	16,722,623	147,404		50,368,485
Furniture & Fittings	12,596,716	6,169,957	109,028	(12,000)	18,863,701
Office Equipments	12,928,783	6,713,435	(372,296)		19,269,922
Computer & Accessories	16,902,374	8,258,131	(480,249)		24,680,256
	76,040,707	37,940,395	(596,113)	(12,000)	113,372,990
Net Book Value	113,715,350				182,807,756





10 Deposits

	<u>Demand</u>	<u>Saving</u>	<u>Amana Deposit</u>	<u>Wadiyah Deposit</u>	<u>Time Deposit</u>	<u>Total</u>	<u>2014</u>
Private Sector	2,320,717,104	3,434,909,329	290,666,147	408,165,517	126,511,335	6,580,969,432	4,222,711,724
Public Agency and Enterprise	29,874,941	6,085,203	55,500	131,991	11,671,346	47,818,981	14,764,652
Domestic Banks	331,654,817	116,025,634	-	-	36,818,659	484,499,110	191,187,787
Insurance Companies	18,513,705	1,523,399	-	-	159,069,484	179,106,588	18,513,705
Microfinance Institutions	34,296,611	21,507,643	-	-	-	55,804,253	44,039,870
Cooperative & Associations	71,906,262	82,190,765	1,066,753	15,526,515	14,142,977	184,833,274	151,992,822
Regional Government	416,286	-	-	-	-	416,286	639,256
Overdraft	24,902,373	-	-	-	-	24,902,373	18,367,452
Resident Foreign Currency account	46,337,004	-	-	-	-	46,337,004	20,985,968
Foreign Currency Retention account	18,825,310	-	-	-	-	18,825,310	19,145,975
ECX Member account	89,319,328	-	-	-	-	89,319,328	27,942,526
Non Resident Foreign Currency account	94,381,102	-	-	-	-	94,381,102	80,183,427
Correspondent - their account	6,904,319	-	-	-	-	6,904,319	9,619,119
Non Interest bearing Special Saving account	-	153,898,144	-	-	-	153,898,144	183,901,526
OIB Staff Provident Fund account	-	37,889,237	-	-	-	37,889,237	-
Labbaik account	-	-	-	89,294	-	89,294	-
Total as at 30 June 2015	3,088,049,163	3,854,029,352	291,788,401	423,913,318	348,213,801	8,005,994,036	5,003,995,809
Balance as at 30 June 2014	2,054,417,038	2,483,106,893	42,317,982	132,651,777	291,502,119	5,003,995,809	





Oromia International Bank S.C.
Notes to the accounts
For the Year Ended 30 June 2015

11 Margin Held on Letter of credit

	<u>Birr</u>	<u>2014</u>
Margin Held on LC	166,347,438	183,688,201
Arbun Held on LC	1,913,117	-
	<u>168,260,555</u>	<u>183,688,201</u>

12 Other Liabilities

	<u>Birr</u>	<u>2014</u>
Other Provisions	4,643,844	-
TT Payable	17,530,113	17,327,864
CPO & Certified Cheques Issued	154,582,237	102,243,732
Income Tax Payable	2,066,121	1,328,345
VAT Payable	719,039	-
Withholding Tax Payable	448,169	264,185
Pension Payable	793,938	413,004
Stamp Duty Charges	1,639,638	913,911
Tax Payable On Interest	1,465,350	985,817
Hamish Jiddya Payable	145,995	-
Accrued Interest On Fixed Time Deposit	13,257,090	14,239,344
Dividend Payable	8,547,443	119,405
Audit Fee	109,250	110,000
Blocking Inwards	-	872,705
Accrued Leave Payable	13,621,673	8,363,970
Account Payable Miscellaneous	9,179,163	9,514,662
Exchange Payable to NBE	7,472,998	6,294,922
Deferred Income-Rent	1,979,759	410,737
Deferred Murabaha Profit	58,077,453	-
Directors' Share on Profit	541,507	476,944
	<u>296,820,778</u>	<u>163,879,546</u>

13 Paid up Share Capital

The authorized share capital of the bank is Birr 700 million comprising 700,000 ordinary shares at par value of Birr 1,000 each. Total subscribed shares at the balance sheet date is Birr 680,089,000 out of which Birr 678,695,065 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

	<u>Birr</u>	<u>2014</u>
Interest Earned On Loans and Advances	465,483,787	293,132,000
Interest Earned On Surplus Fund	51,627,795	33,467,322
	<u>517,111,582</u>	<u>326,599,322</u>

16 Commision Income

	<u>Birr</u>	<u>2014</u>
Commission on Foreign Transactions	46,126,725	35,210,811
Commission on Letter of Guarantee	11,136,261	9,113,068
Commission-Local	1,247,143	489,068
CPOs and cheque paid	818,594	561,715
OTCPs, TT's & ABB	6,726,484	8,528,004
	<u>66,055,207</u>	<u>53,902,666</u>

17 Service Charges

	<u>Birr</u>	<u>2014</u>
Service Charges - Local	7,173,004	5,300,166
Service Charges - Foreign	156,566,000	98,032,778
	<u>163,739,004</u>	<u>103,332,944</u>

18 Other Income

	<u>Birr</u>	<u>2014</u>
Office Rent Income	7,967,867	346,137
Commitment Charge	1,148,024	75,873
Gain on disposal of Old assets	4,000	140
Estimation and Inspection fee	2,099,557	889,330
Cash Surplus	240,753	117,810
Telephone, Postages and Money Bags	292,120	2,911,168
Dividend Income	3,345,215	3,923,845
Othe Income - Miscellaneous	1,660,367	3,344,799
	<u>16,757,903</u>	<u>11,609,102</u>

19 Gain On Foreign Currency

	<u>Birr</u>	<u>2014</u>
Gain On Foreign Currency Transactions	50,971,805	23,761,186
Gain On Foreign Currency Holdings	34,149,834	26,249,497
	<u>85,121,638</u>	<u>50,010,683</u>

20 Loss on Foreign Currency and Other Charges

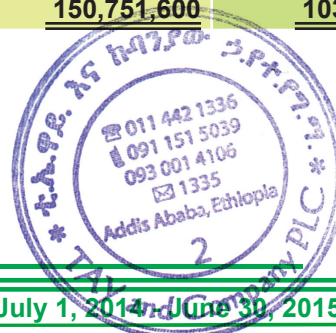
	<u>Birr</u>	<u>2014</u>
Loss On Foreign Currency Holdings	154,004	-
Loss on Foreign Exchanges	2,015	-
Correspondent Charges	1,418,115	-
Swift Charges	865,111	-
	<u>2,439,246</u>	<u>-</u>





21 General Expenses

	<u>Birr</u>	<u>2014</u>
Advertisement and publicity	6,840,748	3,898,913
Microsoft Licensing and Anti Virus fee	512,118	-
Bank charges	1,499,505	2,005,392
Cheque books	10,329	4,010
Cleaning supplies	444,546	199,315
Consultancy fee	219,695	11,200
Depreciation and amortization	37,997,916	28,607,852
Donation	49,500	98,647
Entertainment	749,865	602,341
General assembly meeting and others	5,028,178	2,749,561
Health club membership allowance	35,420	-
Inauguration	478,401	275,862
Insurance expense	3,408,512	2,304,253
Land and Building tax	39,652	-
Legal	322,582	102,309
License fees	46,691	93,088
Membership fees	154,128	36,920
Miscellaneous	952,849	-
Money bags	9,236	3,424
Motor vehicle inspection	354,004	249,271
Office rent	42,623,230	29,411,441
Parking	13,815	11,709
Perdiem and accommodation	5,546,862	2,828,199
Petrol and lubricants	4,587,172	3,789,991
Postage	211,140	177,437
Repair and maintenance	4,470,843	3,361,183
Revenue stamp	725	9,103
Stationary and printing	9,719,309	8,277,876
Subscription	309,636	283,909
Sundries	-	1,751,892
Supplies expense	4,409,357	-
Telephone, swift and internet	11,095,045	8,402,669
Transport of Currency	1,395,646	-
Transportation	2,263,172	2,488,753
Wages	4,005,301	1,282,555
Water and electricity	946,472	421,776
	<u>150,751,600</u>	<u>103,740,851</u>





22 Interest Expenses

	<u>Birr</u>	<u>2014</u>
Interest on Saving Deposits	130,073,645	71,866,425
Interest on Fixed Time Deposits	26,562,129	27,486,947
Interest on Demand Deposit	-	871,955
Interest on NBE Borrowing	-	1,174,792
	<u>156,635,774</u>	<u>101,400,119</u>

23 Salaries and Benefits

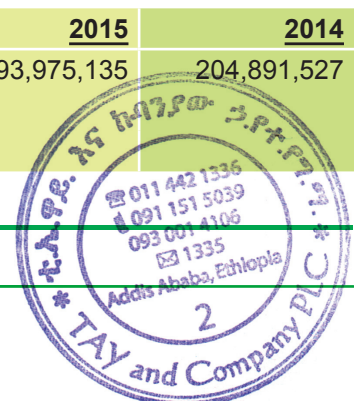
	<u>Birr</u>	<u>2014</u>
Accrued Leave Pay	5,518,706	3,357,851
Acting Allowance	48,980	8,409
Bonus	15,759,933	6,733,052
Cash Indemnity Allowance	3,996,249	2,604,844
Clerical Staffs Salaries	65,643,736	40,878,022
Contractual Staffs Salaries	4,861,599	1,612,584
Disturbance Allowance	78,800	67,600
Fuel and Transportation Allowance	21,536,438	8,520,253
Funeral Expense	6,000	-
Hardship Allowance	8,002,585	4,722,233
Housing Allowance	4,097,091	2,053,794
Managerial Staffs Salaries	33,588,378	22,565,894
Medical	2,943,212	1,642,711
Non Clerical Staffs Salaries	19,854,933	13,577,791
Overtime Payments	1,249,276	826,783
Provident Fund Contribution	17,695,929	11,133,686
Representation Allowance	2,167,300	1,105,994
Severance and Top Up Allowance	746,246	141,033
Staff Insurance	1,625,446	949,672
Training and Education	1,223,207	1,159,773
Uniforms	2,205,683	776,396
Utility Allowance	906,610	448,546
	<u>213,756,337</u>	<u>124,886,921</u>

24 Directors Allowance

Directors allowances represent monthly allowance of Birr 2,000 per month and annual compensation of Birr 50,000 per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE directive SBB 49/2011.

25 Provision for Taxation

	<u>2015</u>	<u>2014</u>
Profit before tax	293,975,135	204,891,527
Add:		
Disallowed Expenditures		





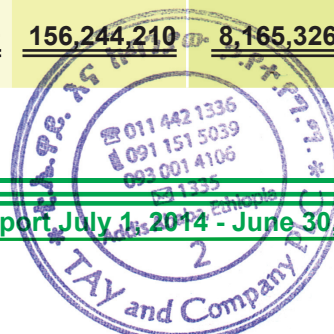
Depreciation and amortization for accounting purpose	37,997,916	28,607,852
Entertainment	749,865	602,341
Penalty	10,369	80,000
Donations	99,500	98,647
Sponsorship	730,000	-
Paid Up capital adjustment	-	206,740
	39,587,650	29,595,580
Deduct:		
Depreciation and amortization for tax purpose	42,003,173	25,116,085
Exempt Income and Income taxed at source:		
Dividend Income	3,345,215	3,923,845
Interest From Deposits at Local banks	8,079,563	-
Interest From Deposits at Foreign Banks	17,342	31,009
Interest Income On NBE Bills and Bonds	43,530,889	33,436,313
	96,976,183	62,507,252
Taxable Profit	236,586,603	171,979,855.41
Provision for Taxation@30%	70,975,981	51,593,957
Add: 5% On deposit at Foreign banks	867	1,550
	<u>70,976,848</u>	<u>51,595,507</u>

26 Profit Tax Payable

	Birr	2014
Balance Brought Forward	51,575,568	24,647,218
Profit Tax Paid During the year	(51,575,568)	(24,647,218)
Current Year Provision for Profit Tax	70,976,848	51,595,507
Withholding Tax Paid	(125,602)	(19,939)
Balance Carried Forward	<u>70,851,246</u>	<u>51,575,568</u>

27 Depreciation and Amortization for Tax Purpose

	Building	Computer & Accessories	Other Business Assets	" Intangible Assets "	Depreciation Total
Depreciation and Amortization Base brought forward	1,525,000	16,993,293	74,235,487	8,165,326	100,919,106
Fixed Assets Transferred to Expenses at their book Value	-	-	(733,082)	-	(733,082)
Current Year Additions	-	15,878,534	90,959,762	-	106,838,296
Depreciation Base at end of the Year	1,525,000	32,871,827	164,462,167	8,165,326	207,024,320
Depreciation @5%,25%, 20% and 10%	<u>(76,250)</u>	<u>(8,217,957)</u>	<u>(32,892,433)</u>	<u>(816,533)</u>	<u>(42,003,173)</u>
Depreciation Base Carried Forward	<u>1,525,000</u>	<u>24,653,870</u>	<u>156,244,210</u>	<u>8,165,326</u>	<u>190,588,407</u>





28 Deferred Tax Asset/ Liability

Depreciation and amortization Computed for Reporting Purpose	
Depreciation and amortization Computed for Tax Purpose	
Temporary difference	
Deffered Tax asset/liability@30%	
Balance B/F	
Balance C/F	

<u>Birr</u>	<u>2014</u>
37,997,916	28,607,852
<u>(42,003,173)</u>	<u>(25,116,085)</u>
<u>(4,005,257)</u>	<u>3,491,767</u>
<u>(1,201,577)</u>	<u>1,047,530</u>
<u>1,330,208</u>	<u>282,678</u>
<u>128,631</u>	<u>1,330,208</u>

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

Guarantees Issued and Outstanding	
Commitments on Letter of Credit net of Margin Paid	
Liability on acceptance of Letter of credit	
Loan Approved but not Disbursed	
Unutilized overdraft and other facility	
Approved Murahabah but Not Financed	
Undrawn Quard Balance	

<u>Birr</u>	<u>2014</u>
367,539,161	240,084,590
159,603,433	276,150,321
2,766,273	2,766,273
348,723,712	231,443,284
664,652,533	308,950,183
367,139,389	-
<u>137,168,115</u>	<u>-</u>
<u>2,047,592,617</u>	<u>1,059,394,651</u>

32 Memorandum Accounts

Interest on non-performing loans	
Money bags	
Outward bills for collections	
Import document under L/C	
Inward bills for collection sight	

<u>Birr</u>	<u>2014</u>
11,212,178	4,936,569
4,471	2,354
9,793,232	17,832,876
-	1,128,625
<u>38,350,541</u>	<u>69,500,092</u>
<u>59,360,422</u>	<u>93,400,516</u>





Oromia International Bank S.C.
Balance Sheet -Conventional Banking
As At 30 June 2015

	<u>Notes</u>	<u>Birr</u>	<u>2014</u>
Assets			
Cash and Bank Deposits	1	1,286,931,055	1,755,902,804
Other Assets	2	622,868,885	458,272,556
Loans and advances(net)	3	4,706,574,502	2,517,984,409
Investment in NBE bills and Bonds	4.2	1,931,634,000	1,094,649,000
Property,Plant and Equipment	6	182,807,755	113,715,350
Acquired Properties		20,645,338	19,481,515
Deferred Tax Assets	24	128,631	1,330,208
Deferred Charges(net)	5	15,141,392	10,498,511
Investments in Shares	4.1	61,766,000	54,437,566
		<u>8,828,497,559</u>	<u>6,026,271,922</u>
Liabilities			
Customer Deposits	7	7,286,075,159	4,829,026,050
Margin Held On Letter Of Credit		166,347,438	183,688,201
Other Liabilities	8	233,227,859	163,865,853
Profit Tax Payable	22	67,943,813	51,619,034
Correspondent account with IFB		81,979,825	49,599,881
Total Liabilities		7,835,574,094	5,277,799,019
Capital			
Paid up capital	9	678,695,065	540,499,430
Share premium		7,693,740	7,461,780
Legal reserve	10	140,728,634	85,267,336
Retained Earnings		165,806,026	115,244,357
Total Capital		992,923,465	748,472,903
Total Liabilities and Capital		<u>8,828,497,559</u>	<u>6,026,271,922</u>

Ato Abera Tola

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 2015**

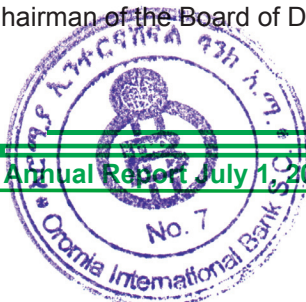
Income	Notes	Birr	2014
Interest Income	11	517,111,582	326,599,322
Commission Income	12	63,308,004	53,902,666
Service Charges	13	157,441,072	103,327,928
Gain (Loss) on Foreign Currency	15	85,121,638	50,010,683
Other Income	14	<u>16,690,492</u>	<u>11,609,102</u>
		<u>839,672,788</u>	<u>545,449,701</u>
Expenses			
General Expenses	17	150,750,377	103,740,851
Interest Expenses	18	156,635,774	101,400,119
Salaries & Benefits	19	213,756,337	124,886,921
Provision for Loans & Advances	3	26,947,622	9,961,560
Provision for Other Assets		4,644,494	-
Project Period paid up capital & stock adjus		-	206,740
Audit Fee		109,250	92,000
Directors Allowance	20	260,000	275,000
Loss On Foreign Currency and Other Charges	16	<u>2,285,242</u>	-
Total Expenses		555,389,096	340,563,191
Profit before Tax		284,283,692	204,886,510
Provision for Profit Tax	21	(68,069,415)	(51,638,973)
Deferred Tax Assets/Liabilities		<u>(1,201,577)</u>	<u>1,047,530</u>
Profit after Tax		215,012,700	154,295,067
Transfer to Legal Reserve		(53,753,175)	(38,573,767)
Net Profit after Tax & Legal Reserve		<u>161,259,525</u>	<u>115,721,301</u>
Directors' Share on Profit		<u>(541,507)</u>	<u>(476,944)</u>
Retained Earning for the Year		<u>160,718,018</u>	<u>115,244,357</u>
Earning per Share of Birr 1000	24	353	315

Ato Abera Tola

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 2015

	<u>Birr</u>	<u>2014</u>
Cash Flow From Operating Activities		
Net Profit for the year	284,283,692	204,886,510
Adjustment for:		
Depreciation and Amortization	37,997,916	28,607,852
Provision for Doubtful Loans & Advances	26,947,622	9,961,560
Other Provision	4,644,494	-
Paid up capital adjustment expenses	-	356,644
Fixed assets and adjustment	267,847	233,203
Effect of exchange rate fluctuation and Forex dealing	<u>(85,119,623)</u>	<u>(50,010,683)</u>
Cash Flow From Operation before Changes in Working Capital	269,021,948	194,035,086
Decrease (Increase) in Loans & Advances excluding provision		(930,409,396)
	(2,215,537,716)	
Decrease (Increase) in Other Assets	(164,596,329)	(334,529,012)
Decrease (Increase) in Acquired Properties	(1,163,823)	(19,481,514)
Increase (Decrease) in Deposits	2,457,049,109	1,778,586,747
Increase (Decrease) in Margin Held Account	(17,340,763)	-
Increase (Decrease) in Other Liabilities	56,158,674	58,967,751
Increase (Decrease) in Correspondent account with IFB	39,163,954	49,599,881
Cash Flow From Operation before Changes in Working Capital	422,755,054	796,769,543
Profit tax Paid	(51,619,034)	(24,647,218)
Withholding Tax Paid	<u>(125,602)</u>	<u>(19,939)</u>
Net Cash Inflow from Operating Activities	371,010,418	772,102,386
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(107,300,649)	(38,103,064)
Investment in deferred charges	(4,700,402)	(3,225,202)
Investment in Treasury Bills	-	209,517,000
Special fixed time deposit with NBE	-	122,514,000
Investment in NBE Bills	(836,985,000)	(386,751,000)
Investment in other companies shares	<u>(6,772,769)</u>	<u>(8,309,989)</u>
cash out flow from investing activities	(955,758,820)	(104,358,255)
Net Cash Outflow from Investing Activities		
Cash Flow From Financing Activities		
Dividend paid in cash	(30,348,047)	(12,640,467)
Directors' share on profit paid	(476,944)	(529,167)
Share capital collected net dividend capitalized	61,250,059	55,661,928
Share premium Collected	231,960	3,770,288
Cash Flow from Financing Activities	30,657,028	46,262,582
Effect of exchange rate fluctuation & FOREX dealing	85,119,623	50,010,683
Changes in Cash and Cash Equivalents	(468,971,751)	764,017,396
Cash and Cash Equivalent at the Beginning of the Year	1,755,902,805	991,885,409
Cash Balance at end of the year	1,286,931,055	1,755,902,805

Ato Abera Tola
 Chairman of the Board of Directors

Ato Able Sano
 President





Oromia International Bank S.C.
Notes to the Accounts-Conventional Banking
For the Year Ended 30 June 2015

1 Cash and Bank Deposits

	Birr	2014
Cash on Hand- Local Currency	550,784,274	566,843,166
Cash on Hand- Foreign Currency	134,588,393	32,276,306
Reserve Account with NBE	400,000,000	260,000,000
Payment & Settlement Account with NBE	37,113,040	407,734,662
Issue Account with NBE	32,134,700	24,213,656
Deposit with Local Banks	74,613,742	214,556,834
Deposit with Foreign Banks	57,696,906	250,278,181
	<u>1,286,931,055</u>	<u>1,755,902,804</u>

2 Other Assets

	Birr	2014
Prepayments	372,075,293	270,145,416
Supplies Stock Account	4,965,347	9,607,071
Uncleared Effect - Foreign	68,251,483	43,729,245
Uncleared Effect - Local	89,061,326	73,729,431
Accrued Interest Receivables On NBE Bills	24,187,948	14,559,544
Accrued Receivables - Government Bond	299,178	-
Accounts Receivable - Local	82,411	-
Dividend receivable	-	3,438,856
Staff Debtor	38,344,452	21,497,315
Miscellaneous	15,499,432	1,051,755
Fixed Assets in Store	7,422,330	10,376,719
Branch under Openings	2,679,685	10,137,204
	<u>622,868,885</u>	<u>458,272,556</u>

3 Loans and Advances

	Birr	2014
Agriculture	92,597,800	75,790,606
Industry	302,270,236	154,843,628
Domestic Trade & Services	1,648,891,632	866,217,383
Export	941,903,649	402,462,078
Import	349,682,968	164,499,714
Construction Loans	522,067,957	321,230,005
Transport and Communication	330,512,094	188,810,225
Hotel and Tourism	365,037,318	241,504,185
Mines, Powers and Water Resource	1,761,074	3,309,500
Microfinance Institution	12,946,235	51,538,019
Mortgage Loan	172,118,156	57,781,095
Consumer and Personal Loan	27,386,342	23,651,306
	<u>4,767,175,460</u>	<u>2,551,637,744</u>
Less: Provision for Bad Loans & Advances	<u>(60,600,958)</u>	<u>(33,653,336)</u>
	<u>4,706,574,502</u>	<u>2,517,984,409</u>





4 Investments

4.1 Investments in Shares

	<u>Birr</u>	<u>2014</u>
Oromia Insurance S.C	10,396,000	6,956,577
Gutu Oromia Business S.c	3,250,000	3,250,000
Elemtu Integrated Dairy Industry S.C	10,000,000	4,900,000
Elemo Kiltu House Building	500,000	500,000
OIB-ODA Real Estate Plc	10,000,000	25,191,000
Ethio. Switch S.C	11,370,000	5,030,000
TBO Printing and Publishing S.C	7,500,000	1,875,000
Tsehay Industry S.C	8,750,000	6,734,989
	<u>61,766,000</u>	<u>54,437,566</u>

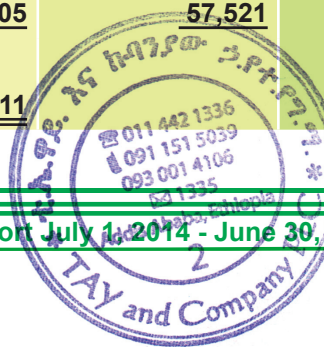
4.2 Investment in NBE Bills

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. Moreover, the bank also purchased a 6% interest bearing government bond.

	<u>Birr</u>	<u>2014</u>
NBE Bills	1,921,634,000	1,094,649,000
Government Bond	10,000,000	-
	<u>1,931,634,000</u>	<u>1,094,649,000</u>

5 Deferred Charges

	Balance as at 30/06/2014 <u>Birr</u>	Additions <u>Birr</u>	Balance as at 30/06/2015 <u>Birr</u>
COST			
Establishment Cost	6,777,205	-	6,777,205
Software - Old	1,100,517	-	1,100,517
Software New-OMNI	10,440,991	4,700,402	15,141,393
Major Office renovation Cost - Oda branch	287,604	-	287,604
	<u>18,606,316</u>	<u>4,700,402</u>	<u>23,306,719</u>
AMORTIZATION			
Establishment Cost	6,777,205	-	6,777,205
Software - Old	1,100,517	-	1,100,518
Major Office renovation Cost - Oda branch	230,083	57,521	287,603.80
	<u>8,107,805</u>	<u>57,521</u>	<u>8,165,326</u>
Net Book Value	<u>10,498,511</u>		<u>15,141,392</u>





6 Property, Plant & Equipments

Cost	Balance at 30 June 2014	Additions	" Transfers/ Adjustments "	Disposals	Balance 30 June 2015
Building	1,525,000	-	-	-	1,525,000
Motor Vehicles	69,186,318	54,760,401	(11,838)	-	123,934,881
Furniture and Fitting	30,435,971	16,864,556	1,428,310	(12,000)	48,716,837
Office Equipment	32,329,864	19,334,805	(2,014,216)	-	49,650,453
Computer and Accessories	34,139,921	15,878,534	(266,216)	-	49,752,239
Construction in progress	<u>22,138,982</u>	<u>462,353</u>	<u>-</u>	<u>-</u>	<u>22,601,335</u>
	<u>189,756,056</u>	<u>107,300,649</u>	<u>(863,960)</u>	<u>(12,000)</u>	<u>296,180,745</u>
Depreciation					
Building	114,375	76,250	-	-	190,625
Motor Vehicles	33,498,459	16,722,623	147,404	-	50,368,485
Furniture and Fitting	12,596,716	6,169,957	109,028	(12,000)	18,863,701
Office Equipment	12,928,783	6,713,435	(372,296)	-	19,269,922
Computer and Accessories	<u>16,902,374</u>	<u>8,258,131</u>	<u>(480,249)</u>	<u>-</u>	<u>24,680,256</u>
	<u>76,040,707</u>	<u>37,940,395</u>	<u>(596,113)</u>	<u>(12,000)</u>	<u>113,372,990</u>
Net Book Value	<u>113,715,350</u>				<u>182,807,755</u>

7 Deposits

2014	Balance as at 30 June 2015				
	Demand	Saving	Time Deposit	Total	
Private Sector	2,320,717,104	3,434,909,329	126,511,335	5,882,137,768	4,051,237,180
Public Agency and Enterprise	29,874,941	6,085,203	11,671,346	47,631,490	14,764,652
Domestic Banks	331,654,817	116,025,634	36,818,659	484,499,110	191,187,787
Insurance Companies	18,513,705	1,523,399	159,069,484	179,106,588	18,513,705
Microfinance Institutions	34,296,611	21,507,643	-	55,804,253	44,039,870
Cooperative & Associations	71,906,262	82,190,765	14,142,977	168,240,005	148,497,607
Regional Government	416,286	-	-	416,286	639,256
Overdraft	24,902,373	-	-	24,902,373	18,367,452
Resident Foreign Currency account	46,337,004	-	-	46,337,004	20,985,968
Foreign Currency Retention account	18,825,310	-	-	18,825,310	19,145,975
ECX Member account	89,319,328	-	-	89,319,328	27,942,526
Non Resident Foreign Currency account	90,163,944	-	-	90,163,944	80,183,427
Correspondent - their account	6,904,319.07	-	-	6,904,319	9,619,119
Non Interest bearing Special Saving account	-	153,898,144	-	153,898,144	183,901,526
OIB Staff Provident Fund account	-	37,889,237	-	37,889,237	-
Total Balance as at 30 June 2015	<u>3,083,832,005</u>	<u>3,854,029,352</u>	<u>348,213,801</u>	<u>7,286,075,159</u>	<u>4,829,026,050</u>
Balance as at 30 June 2014	<u>2,054,417,037</u>	<u>2,483,106,894</u>	<u>291,502,119</u>	<u>4,829,026,050</u>	





8 Other Liabilities

	<u>Birr</u>	<u>2014</u>
Other Provisions	4,643,844	-
TT Payable	17,530,113	17,327,864
CPO & Certified Cheques issued	154,582,237	102,243,732
Income Tax Payable	2,066,121	1,328,345
VAT Payable	719,039	-
Withholding Tax Payable	443,021	264,185
Pension Payable	793,938	413,004
Stamp duty Charges	1,632,118	913,912
Tax Payable On Interest	1,465,350	985,817
Accrued Interest On Fixed Time Deposit	13,257,090	14,239,344
Dividend Payable	8,547,443	119,405
Audit fee	109,250	110,000
Blocking Inwards	-	871,005
Accrued Leave payable	13,621,673	8,363,970
Account Payable Miscellaneous	4,588,664	9,502,667
Exchange Payable to NBE	6,706,692	6,294,922
Deferred Income-Rent	1,979,759	410,737
Directors Share on Profit	541,507	476,944
	<u>233,227,859</u>	<u>163,865,853</u>

9 Paid up Share Capital

The authorized share capital of the bank is Birr 700 million comprising 700,000 ordinary shares at par value of Birr 1,000 each. Total subscribed shares at the balance sheet date is Birr 680,089,000 out of which Birr 678,695,065 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

	<u>Birr</u>	<u>2014</u>
Interest Earned On Loans and Advances	465,483,787	293,132,000
Interest Earned On Surplus Fund	51,627,795	33,467,322
	<u>517,111,582</u>	<u>326,599,322</u>

12 Commission Income

	<u>Birr</u>	<u>2014</u>
Commission on Foreign Transactions	43,688,892	35,210,811
Commission on Letter of Guarantee	11,050,549	9,113,068
Commission-Local	1,150,930	489,068
CPOs and cheque paid	818,549	561,715
OTCPs, TT's & ABB	6,599,084	8,528,004
	<u>63,308,004</u>	<u>53,902,666</u>





**Oromia International Bank S.C.
Notes to the Accounts-Conventional Banking
For the Year Ended 30 June 2015**

13 Service Charges

	<u>Birr</u>	<u>2014</u>
Service Charges - Local	7,019,008	5,300,166
Service Charges - Foreign	<u>150,422,064</u>	<u>98,027,762</u>
	<u>157,441,072</u>	<u>103,327,928</u>

14 Other Income

	<u>Birr</u>	<u>2014</u>
Office Rent	7,967,867	346,137
Commitment Charge	1,148,024	75,873
Gain on Disposal of Old Assets	4,000	140
Estimation and Inspection Fee	2,037,757	889,330
Cash Surplus	240,753	117,810
Telephone, Postages and Money Bags	290,340	2,911,168
Dividend Income	3,345,215	3,923,845
Othe Income - Miscellaneous	<u>1,656,537</u>	<u>3,344,799</u>
	<u>16,690,492</u>	<u>11,609,102</u>

15 Gain On Foreign Currency

	<u>Birr</u>	<u>2014</u>
Gain On Foreign Currency Transactions	50,971,805	23,761,186
Gain On Foreign Currency Holdings	<u>34,149,834</u>	<u>26,249,497</u>
	<u>85,121,638</u>	<u>50,010,683</u>

16 Loss ` On Foreign Currency and Other Charges

	<u>Birr</u>	<u>2014</u>
Loss On Foreign Exchanges	2,015	-
Correspondent Charges	1,418,115	-
Swift Charges	<u>865,111</u>	-
	<u>2,285,242</u>	<u>-</u>

17 General Expenses

	<u>Birr</u>	<u>2014</u>
Advertisement and publicity	6,840,748	3,898,910
Anti - Virus expense	512,118	-
Bank charges	1,499,505	2,005,392
Cheque books	9,903	4,010





Cleaning supplies	444,546	199,315
Consultancy fee	219,695	11,200
Depreciation and amortization	37,997,916	28,607,852
Donation	49,500	98,647
Entertainment	749,865	602,341
General assembly meeting and others	5,028,178	2,749,561
Health club membership allowance	35,420	-
Inauguration	478,401	275,862
Insurance expense	3,408,512	2,304,253
Land and Building tax	39,652	-
Legal	322,582	102,309
License fees	46,691	93,088
Membership fees	154,128	36,920
Miscellaneous	952,199	-
Money bags	9,236	3,424
Motor vehicle inspection	354,004	249,271
Office rent	42,623,230	29,411,441
Parking	13,815	11,711
Perdiem and accommodation	5,546,862	2,828,199
Petrol and lubricants	4,587,172	3,789,991
Postage	211,140	177,437
Repair and maintenance	4,470,843	3,361,183
Revenue stamp	725	9,103
Stationary and printing	9,719,309	8,277,876
Subscription	309,636	283,909
Sundries	-	1,751,893
Supplies expense	4,409,209	-
Telephone, swift and internet	11,095,045	8,402,669
Transport of Currency	1,395,646	-
Transportation	2,263,172	2,488,753
Wages	4,005,301	1,282,555
Water and electricity	946,472	421,776
	150,750,377	103,740,851

18 Interest Expenses

	<u>Birr</u>	<u>2014</u>
Interest on Saving Deposits	130,073,645	71,866,425
Interest on Fixed Time Deposits	26,562,129	27,486,947
Interest on Demand Deposit	-	871,955
Interest On NBE Borrowing	-	1,174,792
	156,635,774	101,400,119





19 Salaries and Benefits

	<u>Birr</u>	<u>2014</u>
Accrued Leave Pay	5,518,705.54	3,357,851
Acting Allowance	48,979.89	8,409
Bonus	15,759,933.27	6,733,052
Cash Indemnity Allowance	3,996,249.07	2,604,844
Clerical Staffs Salaries	65,643,736.42	40,878,022
Contractual Staffs Salaries	4,861,598.78	1,612,584
Disturbance Allowance	78,800.00	67,600
Fuel and Transportation Allowance	21,536,437.98	8,520,253
Funeral Expense	6,000.00	-
Hardship Allowance	8,002,585.11	4,722,233
Housing Allowance	4,097,090.72	2,053,794
Managerial Staffs Salaries	33,588,377.88	22,565,894
Medical	2,943,211.73	1,642,711
Non Clerical Staffs Salaries	19,854,933.01	13,577,791
Overtime Payments	1,249,276.14	826,783
Provident Fund Contribution	17,695,929.20	11,133,686
Representation Allowance	2,167,300.42	1,105,994
Severance and Top Up Allowance	746,246.17	141,033
Staff Insurance	1,625,445.93	949,672
Training and Education	1,223,207.06	1,159,773
Uniforms	2,205,682.63	776,396
Utility Allowance	906,610	448,546
	<u>213,756,337</u>	<u>124,886,921</u>

20 Directors Allowance

Directors allowances represent monthly allowance of Birr 2,000 per month and annual compensation of Birr 50,000 per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE directive SBB 49/2011.

21 Provision for Taxation

	2015	2014
Profit before tax	284,283,692	204,886,510
Add:		
Disallowed Expenditures(Expenditures deducted but should not have been deducted)		
Depreciation and amortization for accounting Purpose	37,997,916	28,607,852
Entertainment	749,865	602,341
Penalty	10,369	80,000
Donations	99,500	98,647
Sponsorships	730,000	-
Paid Up Capital Adjustment	-	356,644
	<u>39,587,650</u>	<u>29,745,484</u>





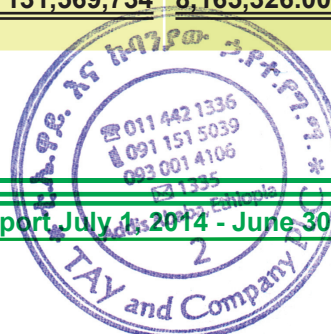
Chargeable Income(Income not included but would have been included)	Nil	Nil
Deduct:		
Allowable Expenditures(Expenditures not deducted but would have been deducted)		
Depreciation and amortization for Tax purpose	42,003,173	25,116,085
Exempt Incomes and Incomes taxed at source:		
Dividend Income	3,345,215	3,923,845
Interest From Deposits at Local banks	8,079,563	-
Interest From Deposits at Foreign Banks	17,342	31,009
Interest Income On NBE bills and Bonds	43,530,889	33,436,313
	<u>96,976,183</u>	<u>62,507,252</u>
Taxable Profit	226,895,160	172,124,742.41
Provision for Taxation@30%	68,068,548	51,637,423
Add: 5% On deposit at Foreign banks	<u>867</u>	<u>1,550</u>
	<u>68,069,415</u>	<u>51,638,973</u>

22 Provision for Profit Tax

	<u>Birr</u>	<u>2014</u>
Balance Brought Forward	51,619,034	24,647,218
Profit Tax Paid During the year	(51,619,034)	(24,647,218)
Current Year Provision for Profit Tax	68,069,415	51,638,973
Withholding Tax Paid	<u>(125,602)</u>	<u>(19,939)</u>
Balance Carried Forward	<u>67,943,813</u>	<u>51,619,034</u>

23 Depreciation and Amortization for Tax Purpose

	Building	Computer & Accessories	Other Business Assets	Intangible assets	Depreciation Total
Depreciation and Amortization Base B/F	1,525,000	16,993,293	74,235,487	8,165,326	100,919,106
Fixed Assets Transferred to Expenses at their book Value	-	-	(733,082)	-	(733,082)
Current Year Additions	-	<u>15,878,534</u>	<u>90,959,762</u>	-	<u>106,838,296</u>
Depreciation Base at end of the Year	1,525,000	32,871,827	164,462,167	8,165,326	207,024,320
Depreciation @5%,25%, 20% and 10%	<u>(76,250)</u>	<u>(8,217,957)</u>	<u>(32,892,433)</u>	<u>(816,532.60)</u>	<u>(42,003,173)</u>
Depreciation Base Carried Forward	<u>1,525,000</u>	<u>24,653,870</u>	<u>131,569,734</u>	<u>8,165,326.00</u>	<u>207,024,320</u>





24 Deferred Tax Asset/Liability

	<u>Birr</u>	<u>2014</u>
Depreciation and amortization Computed for Reporting Purpose	37,997,916	28,607,852
Depreciation and amortization Computed for Tax Purpose	<u>(42,003,173)</u>	<u>(25,116,085)</u>
Temporary difference	(4,005,257)	3,491,767
Deffered Tax asset@30%	(1,201,577)	1,047,530
Balance brought forward	<u>1,330,208</u>	<u>282,678</u>
Balance carried forward	<u>128,631</u>	<u>1,330,208</u>

25 Earning per Share

Earning per share for the year is calculated on the basis of 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

	<u>Birr</u>	<u>2014</u>
Guarantees Issued and Outstanding	364,339,050	240,084,590
Commitments on Letter of Credit net of Margin Paid	137,318,085	276,150,321
Liability on acceptance of Letter of credit	2,766,273	2,766,273
Loan Approved but not Disbursed	348,723,712	231,443,284
Unutilized overdraft and other facility	<u>664,652,533</u>	<u>308,950,183</u>
	<u>1,517,799,653</u>	<u>1,059,394,651</u>

28 Memorandum Account

	<u>Birr</u>	<u>2014</u>
Interest on non-performing loans	11,212,178	4,936,569
Money bags	4,471	2,354
Outward bills for collections	9,793,232	17,832,876
Import document under L/C	-	1,128,625
Inward bills for collection sight	<u>38,350,541</u>	<u>69,500,092</u>
	<u>59,360,422</u>	<u>93,400,516</u>





Deposits	Balance as at 30 June 2015				2014
	Demand	Saving	Time Deposit	Total	
Private Sector	2,320,717,104	3,434,909,329	126,511,335	5,882,137,768	4,051,237,180
Public Agency and Enterprise	29,874,941	6,085,203	11,671,346	47,631,490	14,764,652
Domestic Banks	331,654,817	116,025,634	36,818,659	484,499,110	191,187,787
Insurance Companies	18,513,705	1,523,399	159,069,484	179,106,588	18,513,705
Microfinance Institutions	34,296,611	21,507,643	-	55,804,253	44,039,870
Cooperative & Associations	71,906,262	82,190,765	14,142,977	168,240,005	148,497,607
Regional Government	416,286	-	-	416,286	639,256
Overdraft	24,902,373	-	-	24,902,373	18,367,452
Resident Foreign Currency account	46,337,004	-	-	46,337,004	20,985,968
Foreign Currency Retention account	18,825,310	-	-	18,825,310	19,145,975
ECX Member account	89,319,328	-	-	89,319,328	27,942,526
Non Resident Foreign Currency account	90,163,944	-	-	90,163,944	80,183,427
Correspondent - their account	6,904,319.07	-	-	6,904,319	9,619,119
Non Interest bearing Special Saving account	-	153,898,144	-	153,898,144	183,901,526
OIB Staff Provident Fund account	-	37,889,237	-	37,889,237	-
	3,083,832,005	3,854,029,352	348,213,801	7,286,075,159	4,829,026,050
2014	2,054,417,037	2,483,106,894	291,502,119	4,829,026,050	





**Oromia International bank S.C.
Balance Sheet- Interest Free Banking
As At 30 June 2015**

Assets	Notes	Birr	2014
Cash on Hand		387,932,951	108,502,331
Other Assets	1	62,535,980	3,236,638
IFB Financing	2	256,150,868	13,627,969
Head office Account		-	18,137
Correspondent Account with Head Office	3	81,979,825	49,599,881
Total Assets		<u>788,599,624</u>	<u>174,984,956</u>
Liabilities			
Customer Deposits	4	719,918,877	174,969,759
Arbun Held on LC		1,913,117	-
Other Liabilities	5	63,860,198	13,692
Profit tax payable	10	2,907,433	1,505
Total Liabilities		<u>788,599,624</u>	<u>174,984,956</u>

Ato Abera Tola

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 2015

Income	Notes	Birr	2014
Income From Financing		734,124.21	-
Commission income	6	2,747,202.90	-
Service Charge	7	6,297,932.32	5,016.00
Other income	8	67,410.09	-
		9,846,670	5,016.00
Expenses			
General and administrative Expenses		1,223	-
Loss on foreign exchange Holding		154,004	-
Total Expenses		155,227	-
Profit before Tax		9,691,442	5,016
Provision for Profit Tax	9	(2,907,433)	(1,505)
Profit after Tax		6,784,010	3,511
Transfer to Head Office Account		(6,784,010)	(3,511)
Net Profit After Tax		-	-

Ato Abera Tola

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 2015**

	<u>Birr</u>
Cash Flow From Operating Activities	
Net Profit for the year	9,691,442
Less: Transfer From Profit Account to head office account	<u>(6,784,010)</u>
Cash Flow From Operation before Changes in Working Capital	2,907,433
Decrease (Increase) in Loans & Advances excluding provision	(242,522,899)
Decrease (Increase) in Other Assets	(59,299,342)
Decrease (Increase) in correspondent account with head office	(32,379,944)
Decrease(Increase) in Deposits	544,949,118
Decrease(Increase) in Arbun held	1,913,117
Decrease in head office account	18,137
Increase (Decrease) in Other Liabilities	<u>63,846,506</u>
Cash Flow From Operation before Changes in Working Capital	276,524,693
Profit tax Paid	<u>(1,505)</u>
Net Cash Inflow from Operating Activities	279,430,621
Changes in Cash and Cash Equivalents	279,430,621
Cash and Cash Equivalent at the Beginning of the Year	<u>108,502,331</u>
Cash Balance at end of the year	<u>387,932,952</u>

Ato Abera Tola

Chairman of the Board of Directors

Ato Abie Sano

President





Oromia International Bank S.C
Notes to the accounts-Interest Free Banking
For the Year Ended 30 June 2015

1 Other Assets

	<u>Birr</u>	<u>2014</u>
Profit Receivable from Murahabah Finanacing	58,077,453	-
Branch under Opening	-	576
Uncleared Effect -Foreign	4,162,888	2,973,590
Supplies Stock	<u>295,639</u>	<u>262,472</u>
	<u>62,535,980</u>	<u>3,236,638</u>

2 Murahabah Finanacing

	<u>Birr</u>	<u>2014</u>
Murahabah Finanacing-Agriculture	1,056,180	-
Murahabah Finanacing-Domestic Trade & Service	38,560,175	-
Murahabah Finanacing-Industry	29,923,114	-
Interest Free Export Facility(Quard)	60,831,885	13,627,969
Murahabah Finanacing-Import	54,028,154	-
Murahabah Finanacing-Construction	1,751,360	-
Murahabah Finanacing-Transport	<u>70,000,000</u>	<u>-</u>
	<u>256,150,868</u>	<u>13,627,969</u>

3 Correspondent Account with Head Office

	<u>Birr</u>	<u>2014</u>
Correspondent Account	88,763,834	49,603,392
Transfer From Profit Account	<u>(6,784,010)</u>	<u>(3,511)</u>
Total	<u>81,979,825</u>	<u>49,599,881</u>

4 Deposits

	<u>Birr</u>	<u>2014</u>
Amana Deposit-Private Sector	290,666,147	41,545,874
Amana Deposit-Public Agency And Enterprise	55,500	-
Amana Deposit-Co-operative And Association	1,066,753	772,108
Non-Resident FCY Account (NRFY)	4,217,158	-
Wadi'ah-Private Sector	408,165,517	129,928,670
Wadi'ah-Public Agency And Enterprise	131,991	-
Wadi'ah-Co-operative and Association	15,526,515	2,723,107
Wadi'ah - Labbaik Account	<u>89,294</u>	<u>-</u>
	<u>719,918,877</u>	<u>174,969,759</u>





5 Other liability

	<u>Birr</u>	<u>2014</u>
Withholding Tax payable	5,148.00	-
Stamp Duty Charge	7,519	-
Exchange Payable to NBE	766,306	-
Miscellaneous	4,590,500	11,992
Hamish Jiddiya payable	145,995	-
Deffered Murahabah Profit	58,077,453	-
Blocking inward	-	1,700
Uncleared effect-Local	<u>267,277</u>	-
	<u>63,860,198</u>	<u>13,692</u>

6 Commission Income

	<u>Birr</u>	<u>2014</u>
Commission on Foreign Transactions	2,437,834	-
Commission on Letter of Guarantee	85,712	-
Commission-Local	96,213	-
CPOs and Cheque paid	45	-
OTCPs, TT's & ABB	<u>127,400</u>	-
	<u>2,747,203</u>	-

7 Service Charges

	<u>Birr</u>	<u>2014</u>
Service Charge-Local	153,996	5,016
Service Charge-Foreign	<u>6,143,936</u>	-
	<u>6,297,932</u>	<u>5,016</u>

8 Other Income

	<u>Birr</u>	<u>2014</u>
Estimation and Inspection fee	61,800.00	-
Telephone, Postage and Money bag	1,779.45	-
Other Income-Miscellaneous	<u>3,831</u>	-
	<u>67,410</u>	-





9 Provision for Taxation

	<u>Birr</u>	<u>2014</u>
Profit before tax	9,691,442	5,016
Taxable Profit	9,691,442	5,016
Provision for Taxation (@ 30% tax rate)	<u>2,907,433</u>	<u>1,50</u>

10 Profit Tax Payable

	<u>Birr</u>	<u>2014</u>
Opening Balance	1,505	-
Profit Tax Paid During the year	(1,505)	-
Current Year Provision for Profit Tax	2,907,433	1,505
	<u>2,907,433</u>	<u>1,505</u>

11 Contingent Liabilities

	<u>Birr</u>	<u>2014</u>
Guarantees Issued- Local	3,200,111	-
Outstanding Import L/C Account Net of Arbun held	22,285,348	-
Approved Murahabah but Not Financed	367,139,389	-
Undrawn Quard Balance	137,168,115	-
	<u>529,792,963</u>	<u>-</u>





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