

Peoples' Bank!

ANNUAL
REPORT
20¹⁵₁₆



OROMIA INTERNATIONAL BANK S.C



OROMIA INTERNATIONAL BANK S.C

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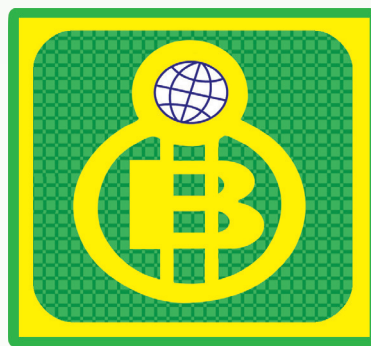


MULTIPLE CHOICES FOR WORLD WIDE TRANSFER





OROMIA INTERNATIONAL BANK S.C



ANNUAL REPORT

JULY 1, 2015- JUNE 30, 2016

PEOPLES' BANK!



Vision

"To Become the Bank of Your First Choice"

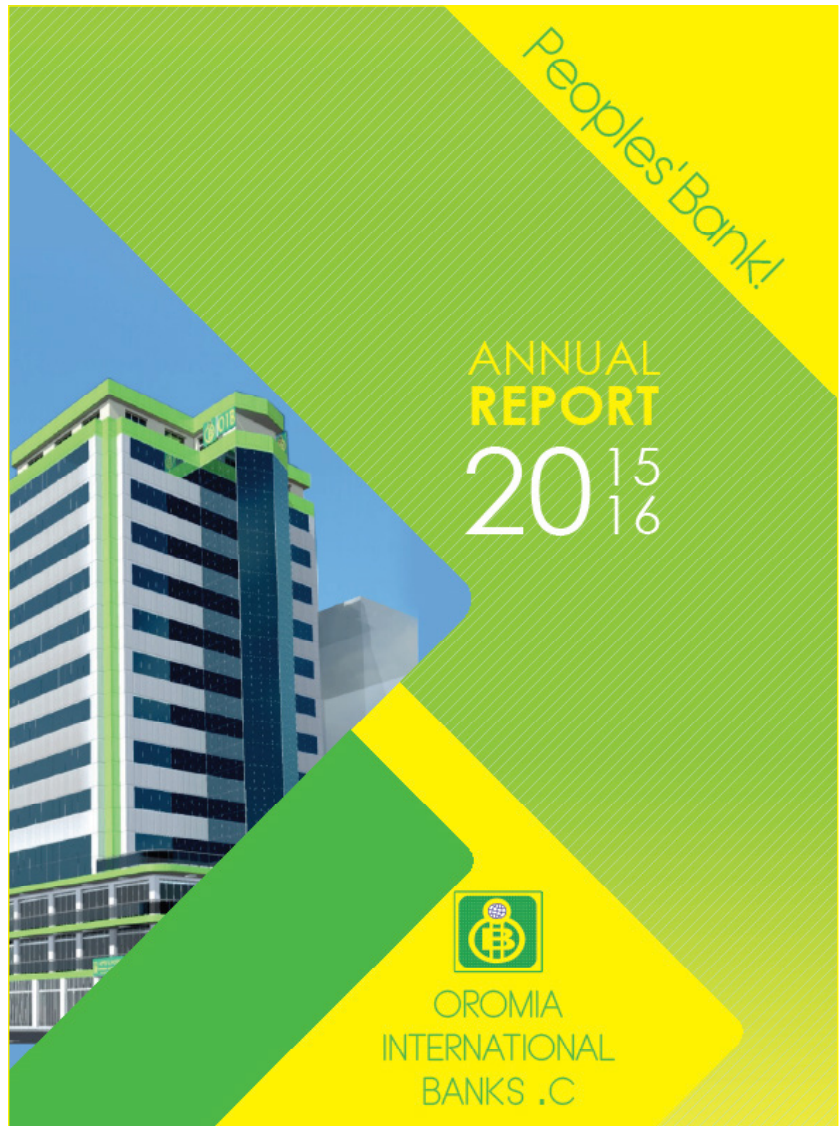
Mission

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

Core Values

- 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.

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BOARD OF DIRECTORS



Obbo Abera Tola
Board Chairperson



Dr. Hirut Terefe
Member



Obbo Gadissa Bultossa
Vice Chairperson



Prof. Fikre Lemessa
Member



Dr. Aynalem Megersa
Member



Kab. Obbo Gebru G/mariam
Member



Dr. Amenu Oljirra
Member



Dr. Belay Guta
Member



Dr. Firdissa Jebessa
Member



Obbo Damenu Tulu
Member



Obbo Didha Dirriba
Member



Obbo Asegid Regassa
Member



Obbo Eshetu Erena
Board Secretary



MESSAGE FROM

THE BOARD OF DIRECTORS CHAIRPERSON

I would like to warmly welcome you all to the 7th Annual General Assembly Meeting of Oromia International Bank for the financial year 2015-16 being held here at the Millennium Hall today. On behalf of the Board of Directors, as well as the management and staff of OIB, it is my privilege to thank each one of you for making it possible to attend this important meeting and enlist solidarity with OIB. Your encouragement, support and guidance are what give us enthusiasm, confidence and motivation to strive for betterment.

The Directors' Report and the Audited Financial Statements for the Year ended 30th June 2016 are already with you and with your permission I take them as read.

At the outset, I thank all of you for your esteemed presence, continued trust and unwavering support extended to the Bank as well as your confidence in the Board and management of OIB. Before I profile the performance of the Bank, I would like to touch upon the macro environment in which the Bank operated during the fiscal year 2015-16.

Global economic recovery from the last eight years of economic downturn still seems to be far from being self-sustaining even as spill over from the large scale monetary accommodations in the advanced economies. Global currency markets continue to be

dominated by the strength of the US dollar. Low price of crude oil, which has affected the economies of oil producing countries, has continued reinvigorating the economy of non-oil producing countries, including Ethiopia.

Domestic economic growth remained strong inspite of the drought and poor harvest manifested in major agricultural regions of the country. In the meantime, agriculture, which was again affected by the fall in global commodity prices, remained the main source of foreign earning followed by remittances.

In general, the Ethiopian economy looks resilient against internal shocks, spillover effects from external factors and on the threshold of a major transformation. With the expectations of the GTP2 initiative being implemented, positive business sentiments developed, improved consumer confidence built and more controlled inflation, the Ethiopian economy will continue to grow for years to come. Higher spending on infrastructure, speedy implementation of projects and continuation of reforms will provide further trigger to growth. The banking sector will remain at the center of this growth potential.

Performance of the Bank

During the year, OIB had to operate in a challenging economic, technological and social environment,



marked by lower liquidity, higher interest rate for time deposit, fierce competition in the industry over scarce resources like human resources, power and connectivity interruption; and lack of timely and proper utilization and adaptation of information technology.

Against this backdrop, I am happy to report that OIB has recorded reasonably healthy performance over the last fiscal year. The Key financial highlights for the year 2015-16 can be summarized as under:

1. The total asset of the Bank grew from Birr 9.53 of last year to Birr 11.28 billion recording a growth rate of 18% over the previous year.
2. Total deposits grew from Birr 8.00 billion to Birr 9.35 billion registering a growth rate of 17% over the previous year.
3. Total deposit from our Interest Free Banking grew from Birr 874 million to Birr 1.25 billion registering a growth rate of 43% over the previous year.
4. Total loans and advances grew from Birr 5.00 billion last year to Birr 5.77 billion this year registering a growth rate of 15% over the previous year.
5. Total foreign currency obtained this year is USD 223 million, which is less than the amount we collected last fiscal year (225 million).
6. Total income of the Bank grew from Birr 849.5 million last year to Birr 1.2 billion this year registering a growth rate of 37% over the previous year.
7. Total expense of the Bank grew from Birr 555.5 million last year to Birr 838.5 million this year registering a growth rate of 51% from last year.
8. The Bank had achieved a net profit after tax of Birr 248.3 million during the year against the net profit of Birr 221.8 million last year registering a growth of 12% over the previous year.
9. The Board of Directors has declared an earning per share of Birr 310 for the fiscal year.
10. The Capital & Reserves has improved from Birr 993 million to Birr 1.32 billion this year.
11. The Capital Adequacy Ratio is as high as 13%, which is well above the mandated level of 8%, indicating a strong capital position of OIB.
12. As on June 30th, 2016 the ratio of gross non-performing loan (NPL) to gross advances had increased from 2.16% to 2.67% against peer

average of 5.88%. The net NPL ratio stood at 2.67% vis-à-vis 2.16% as on 30.06.2015. However, it was better than peer average of 5.88%.

During the year, OIB has opened 49 new branches and deployed 29 ATMs at convenient places. The branch network now covers almost all Regions and has a network of 200 branches and 29 ATMs operational. The Bank further plans to open a maximum of 25 new branches and to deploy 20 ATMs during the current financial year.

Human Resources policies and practices of OIB focus on attracting, motivating and retaining qualified and skilled manpower. Concurrent with these objectives, steps are taken to improve manpower efficiency. Given the market challenges, there has been considerable focus on optimizing the existing resources through internal Job postings, transfers and skill development initiatives. Training and development has assumed significant importance. In order to narrow the gaps in resource capability of the personnel and qualitative improvement, the Bank is currently under the process of acquiring land from the Oromia Regional state to construct its Staff Training College.

Over the last year, OIB has been effectively leveraging technology and on pilot test to introduce several variants of traditional products and new e-based services, tailor made to the diversified needs of customers. Technology services like Debit cards, internet banking, mobile banking Agent banking etc., will transform the customer's banking experience from branch banking to anytime, anywhere banking soon. Accordingly:

- Almost all the branches of the Bank are interconnected and are capable of providing online, real-time transactions to its customers. Single window service has led to effective delivery to the customers.
- The Bank is offering Oro-debit cards to its customers and, the Oro-debit card is functional at all ATM machines available across the country including other banks machine
- Mobile banking services help customers maintain a virtual connection with the Bank at all times. We are pilot testing our mobile banking products as of now.

Corporate Social Responsibility

The Bank's CSR policy strictly conforms to the recently adapted guidelines of the National Bank of Ethiopia.



Accordingly, the OIB will establish a sub-committee and allocate a budget to undertake the responsibility of reaching out to various government, non-government and self-help organizations engaged in improving lives and livelihoods of poor and marginalized people; organizations engaged in the issue of climate change, gender equality and youth employment.

A way forward

OIB’s long standing commitment to financial soundness, long-term customer relationships and proactive management is as important today as ever before. Going forward, OIB would continue with its thrust on growth with quality. The Bank would try to protect and further improve the current levels of its key financial indicators like net interest margin, return on assets, earnings per share, asset quality etc. through dedicated focus on low-cost deposit mobilization, improvement in non-interest income, efficient pricing of deposits and loans, reduction in high cost or low yielding business and through improved credit selection and effective credit monitoring. It is imperative to have a robust and effective risk management practices not only to manage risks inherent in the banking business but also the risks emanating from financial markets as a whole. The Bank has put in place risk management architecture and practices that is overseen by Risk Committee of Directors. OIB has in place a robust risk management structure that proactively identifies the risk faced by the Bank and helps in mitigating it, while maintaining proper trade-off between risk and return thereby maximizing shareholders’ value.

Distinguished shareholders, ladies and gentlemen; the last three years have been more challenging because of the micro and macro-economic environment impacting the quality of banking services. But I am quite positive that OIB will emerge as resilient in the coming years. It is looking at profitable growth and proposes to introduce a number of initiatives such as promotion of core Banking Software, Automation of customer relation management, state of the art call center etc. to augment the customer satisfaction during the coming years. I am confident that OIB will successfully address the challenges and thrive as one of a leader financial institution in the country. I solicit your continued patronage and support enabling the Bank to steer its destiny and to maximize the value for all its stakeholders.

Acknowledgement

I take this opportunity to express my deep sense of gratitude to the National Bank of Ethiopia, other government regulatory authorities including the Document Authentication and Registration Authority, Ethio-telecom, ELPA, Regional governments where the branches are operational, Ethiopian Commodity Exchange, other banks and correspondent Banks for their strong support and guidance, during the year. The Board also places on record its gratitude to the Bank’s shareholders and customers for their continued support, patronage and goodwill. The Board further places on record its appreciation for the valuable services rendered by TAY & CO during their tenure.

Ladies and Gentlemen: as you all well know, the single most important pillar of any Institution is personnel, more so in the case of a service entity like a Bank. Therefore, OIB gladly acknowledges this fact and thanks all of them for their diligence and loyalty towards the Bank. It expresses its sincere appreciation for the dedicated services rendered by officers and employees of the Bank at all levels.

Conclusion

Before I conclude, I would like to assure you again that OIB has put appropriate plan, policies and strategies to achieve growth with quality and profitability. Your continued support will help the Bank to realize the goal. All these achievements would not have been possible without the support of all the stakeholders and various government agencies, our suppliers, customers and above all you the shareholders. We cherish your trust. I, on behalf of the Board of Directors and the entire leadership team, thank you for this love and support, and assure you a great future ahead.

Thank you, Ladies and Gentlemen for your time and attention.

Abera Tola
Chairperson, Board of Director
December 4, 2016



SENIOR MANAGEMENT MEMBERS



Obbo Abie Sano
President



Obbo Mergia Diriba
Chief Operating Officer



Obbo Teferi Mekonnen
V/P - Corporate Support



Obbo Tesfaye Basha
V/P - Information Technology



Obbo Wolde Bulto
V/P - Credit & International Banking



Obbo Alemayehu Demise
V/P - Branch Banking



Obbo Berhanu Edae
Chief - Internal Audit



Obbo Ketema Mengesha
A/Chief - Risk Mgt & Compliance



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



Obbo Shiferaw Amenu
Director - Legal Services



Obbo Nuri Hussen
Director - Interest Free Banking
Services



SENIOR MANAGEMENT MEMBERS



Obbo Endale Foye
Director - Operation & District Support Mgt



Obbo Fati Haji
Director - IT Modernization Office



Obbo Gelana Leta
Director - Human Resource Mgt



Obbo Tesfaye Dheressa
Director - Credit Mgt



Obbo Geleta Bekuma
Director - Electronic Banking



Obbo Berhanu Gonfa
Director - Procurment & Facility Mgt



Obbo Faysel Yassin
A/Director - International Banking Service



Obbo Tatek Negassa
Director - IT System Operation



Obbo Jote Kenate
Director - Accounting & Treasury



MESSAGE FROM THE PRESIDENT

First and for most, I would like to warmly welcome all our respected shareholders and express my sincere gratefulness for their unwavering commitment to grace our colorful annual gathering of such purposeful personalities for our seventh year of another success. It is my greatest pleasure and honor to serve you and be able to convey my message on the key highlights of the Global and Local conditions in which our Bank has been operating and its main achievements and challenges faced during the just ended fiscal year 2015-16.

The global condition was mixed. The recovery from financial crisis is not yet fully attained though there were some optimistic earlier forecasts as global growth prospect was forecasted to be slower by 0.1% than earlier expected. The volatile and very low general commodity prices including oil and agricultural produces due to low demand, low capital outflows from developed and middle income countries, the volatile economic condition in many nations ranging from USA to Japan, the complete turmoil in most parts of the Middle East and fear for potential terrorist attacks at the wider region were common faces of the

global environment during this reporting fiscal year.

As a result, some countries have tightened their financial policies narrowing the financial market space for the developing countries. Global Financial institutions have raised their compliance requirements making almost impossible for them to work with most African Banks in which Ethiopia was not an exception as witnessed by the actions of some correspondent banks to close or threaten to close about nine Ethiopian banks' accounts during this reporting year.

These globally big correspondent banks trend regarding maintenance of correspondent bank accounts need closer attention of the Ethiopian Banking Industry in general and concerned regulatory organ in particular, to collectively find a proactive way before the problem affect us all.

Though Ethiopia might have benefited from general decline in the global commodity prices such as fuel oil as Ethiopia is a net importing country, the decline in prices of its export commodities such as coffee, oil seeds, and others as well as the decline in private remittance



earnings have significantly affected our bank's foreign currency (FCY) generation of the year. It is also very obvious that the developed and middle income countries tendency to slow their investment capital outflow affects the developing country like ours Foreign Direct Investment (FDI).

The Bre Exit and the El Nino induced drought had an insult to injury impact on the already struggling global economic growth and regional trade confidence.

The local macroeconomic environment was not any different from the global situation if not worse. The government has tuned its GTP II in consideration of the drought. IMF has significantly reduced the growth prospect from our double digit trend to much less rate of about 6.5%. Quite a significant number of our citizens at the drought affected localities were under food aid due to a yearlong drought. The intermittent public protest throughout Oromia for almost a year and lately in more parts of the country was presumed to affect some economic performances and the banking business. Nevertheless, inflation was contained within a single digit despite the drought that would have created food shortage which in turn would have ignited inflationary pressure.

The mismatch between demand and supply in resources such as FCY and domestic financing had resulted in the short term liquidity problem of the banking industry during the beginning of the third quarter of the fiscal year under report. The intervention of the National Bank to ease that short term problem was instrumental for the financial health of our banking Industry. The NBE had also issued a Directive, among others, to regularize the FCY allocation practices of the Ethiopian banking industry as FCY has become the scarcest asset for the last couple of years. The NBE has also issued a Directive on Corporate Governance of banks in Ethiopia as a result of which we were obliged to review almost all our policies throughout the fiscal year. The good news of the year was that the NBE has redeemed

the first batch of its Bills introduced five years ago on its respective maturity and as a result we have obtained new liquidity of Birr289.9 million before end of this fiscal year.

As one may clearly deduce from the domestic environment, it was relatively more difficult atmosphere for businesses to comfortably operate during the year as opposed to our previous relatively at ease condition. Internet and data disconnections was very regular incident sometimes making our services inaccessible for accountholders and remittance beneficiaries resulting in significant loss to our business as most of our branches were outside Finfinne and where the problem was worse. Sometimes moving cash from one place to another was not safe obliging our bank to keep more idle cash than required at most of our outlying branches which ultimately raise our financial cost. Our FCY earning from Export and Remittance was hit hard by the national underperformance to the extent of distracting us from our growth trajectory for the first time in this regard.

Dear stakeholders, OIB was resilient to all of the aforementioned odds and managed to realize appealing results in most performance measurement parameters and continued with its success history. OIB has managed to expand its asset to Birr 11.3 billion while the Deposit balance has reached Birr 9.35 billion by modestly growing at 18% and 17% respectively compared to its base year positions. Loans, Advances and IFB Financing grew to Birr 5.77billion by 15%. Our paid up capital flew to Birr 921.4 million almost twice the current minimum regulatory requirement supposed to be achieved by the ended fiscal year.

During the year, OIB had also crossed the historic land mark of Birr One billion in total income by amassing Birr 1.2 billion growing at a rate of 37% which demonstrates its potential. It has also expended a good sum of money to generate this amount of revenue the total of which was



over 838.5million growing at a relatively faster rate of 51%. The difference resulted in a profit before tax of Birr 325million and net profit of Birr 248.5million registering a modest growth of 11% and 12% respectively. The relatively faster growth rate observed in expenses was due to increased depreciation as a result of our significant investment in capital goods for strategic reasons and increased branch rent expenses and employees pay which yet to be leveraged on to generate more revenue that withstand its impacts. Nevertheless, we have managed to open 49 more branches in the fiscal year raising our total branches to 200 making OIB the third big private bank in Ethiopia but the first private bank by having 142 branches outside Finfinne at the end of the reporting fiscal year demonstrating the commitment to its motto of Peoples' bank. As a result, we have created permanent job opportunity for 2,880 employees. In line with its commitment to groom its own future bankers OIB has invested over Birr 10million on training and capacity building in this fiscal year alone. We have managed to raise the number of our account holders to 537,960 while the borrowers were 5,242 clearly showing the mass base of our bank.

Dear respected shareholders, we are also proud to report that the IFB services that we have pioneered over two years ago has started bearing the intended fruit with more potential to come. The Deposit mobilized through this window has reached 1.25 billion, Financing reached 509million, and generated income of Birr 57million.

We are going deep into the technology based banking services with all its required investments. We have launched our card banking services in the same year and piloting Mobile and Agent banking expected to be fully operational in the

following fiscal year. We are also building state-of-the-art data center in our newly acquired Headquarters with a disaster recovery elsewhere to further modernize our IT systems. We are also finalizing the renovation of our current head office building and preparing to commence the construction of the Future Headquarters at the future financial hub of Finfinne.

Finally, I would like to convey my greatest gratitude to all our respected customers who have put their trust and confidence in us and loyally working with OIB. My thanks also go to our respected shareholders who have been always behind us in all matters we stand in need and I would like to request them all to continue be their bank's ambassadors at all times and places. OIB would have never been reached this level without the relentless effort and commitment of all our beloved employees for which I am always thankful. The support and guidance of our Board of Directors was a key secret for our continued successes even in the time of most challenge for which they deserve a round of applauds. Last but not the least, the continued understanding and closer support of our National Bank which is always the insurance for our banking industry's prudence was immense for which I am grateful.

Dear respected shareholders, employees and Guests of Honor, when we work together we can thrive together and let us renew our commitment to further strengthen our solidarity by sharpening our focus when the time is demanding and let us see the big picture of OIB ahead of us.

Thank you and welcome to our colorful annual event!

Abie Sano
President, OIB

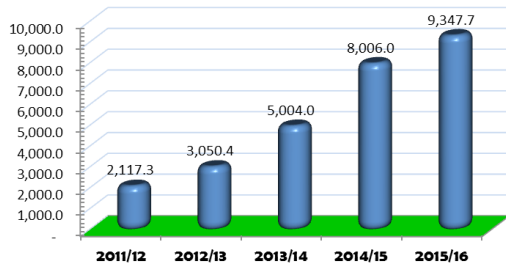


KEY PERFORMANCE INDICATORS, AS OF JUNE 30, 2016

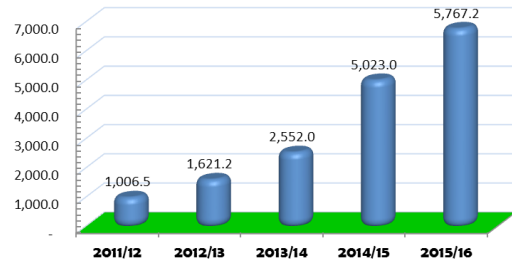
9.35B Deposits	▲ 17%	5.8B Loan + IFB Financing	▲ 15%	\$222.9M Foreign Currency	
1.2B Income	▲ 37%	838.5M Expense	▲ 51%	325M Profit	▲ 11%
1.4B Total Capital	▲ 41%	11.3B Total Assets	▲ 18%	200 Branches	▲ 32%
2.4B NBE Bill	▲ 23%	2,880 Staff Strength	▲ 19%	310 Earnings per Share	



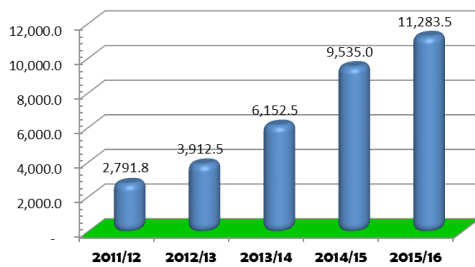
Total Deposits



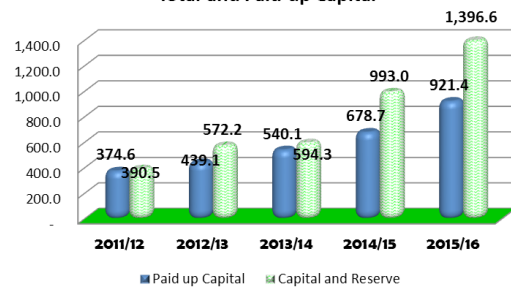
Outstanding Loans and Advances Including IFB Financing



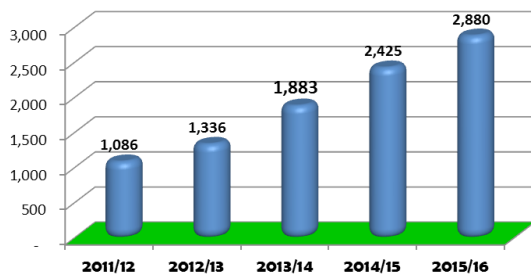
Total Assets



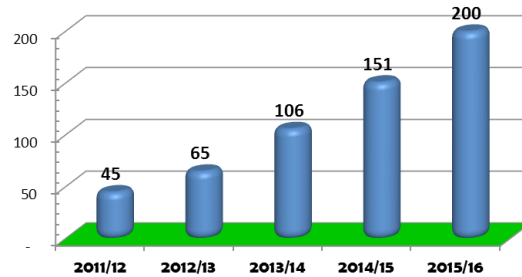
Total and Paid up Capital



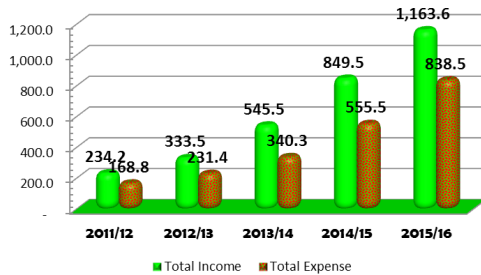
Number of Employees



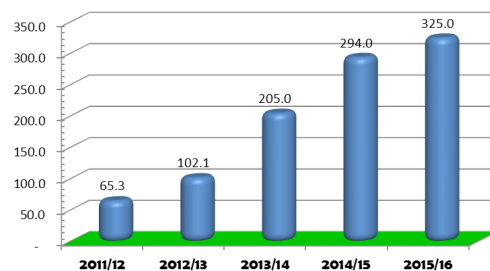
Number of Branches



Income and Expense Total



Profit Before Tax





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 2016 to the 7th Annual General Assembly of its Shareholders as follows:

1. OPERATIONAL PERFORMANCE HIGHLIGHTS

The Board of Directors and the Management of OIB as usual with the entire staffs and stakeholders are unwavering to strongly compete in the Ethiopian Banking Industry. On the other hand, the Ethiopian banking industry is becoming the most challenging sector than ever before from within and external factors. Therefore, with the objectives of achieving its establishment mission and vision primarily, and to withstand the challenging working environment the board and management have drawn basic and important lessons from previous years' and worked out through the reporting period. In view of this, the following parts of the report tries to present high level performance report of the year with a special focus on its achievements, challenges and over all directions of the business for the year ended June 30, 2016.

1.1 DEPOSIT MOBILIZATION

The corporate total deposit of the Bank reached Birr 9.35 billion which is Birr 1.35 billion incremental growth from last year position of Birr 8.006 billion. The year was the most challenging of all with a slow business activity, big liquidity challenges, drought at large scale, lengthy commotion and protest particularly in the region where we have business concentration. This performance was achieved under tremendous challenges the whole year through continuous marketing efforts, strong and continuous periodical performance evaluations, new product development and introductions such as Mudarabah investment deposit from IFB wing, E-banking products such as card banking and others on pipeline, fast paced branch network expansion and business networking that supported to fight back the otherwise most perplexing working environments.

Table 1: Break down of Deposit by Type

(In millions of Birr)

ITEMS	2016	2015	% Growth	%Share		Comparison Graph of 2016 and 2015
				2016	2015	
Total Deposits	9,348	8,006	17	100%	100%	
Saving Deposits	5,322	4,278	24	57%	53.4%	
Demand Deposits	3,278	3,380	(3)	35%	42.1%	
Time Deposits	747	348	115	8%	4.3%	



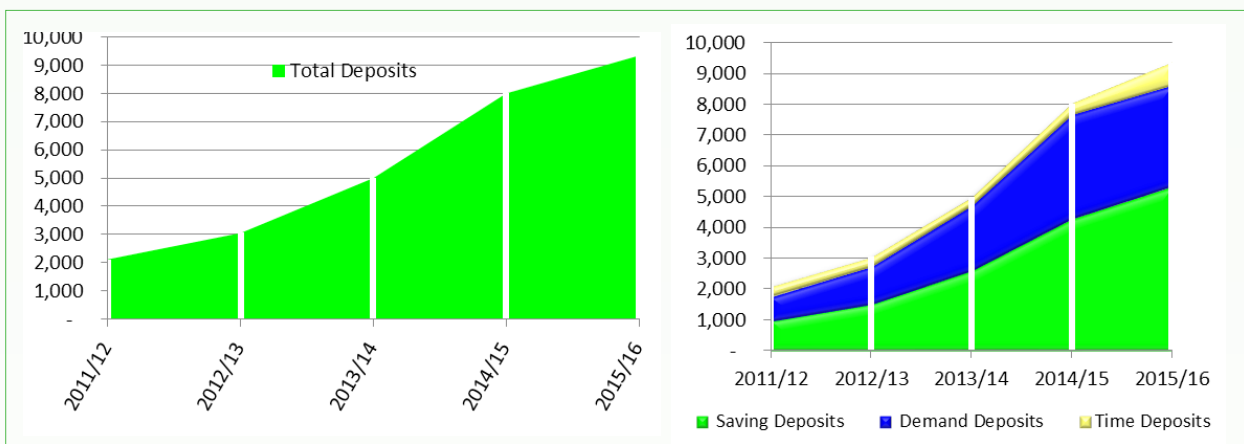
From the total achievement, the major part of the aggregate deposit goes to saving with the share of 57% followed by demand and fixed time deposits shares of 35% and 8% respectively for the reporting year.

The total number of depositors (deposit customers) also increased by 48% from the earlier year number of 363,167 to a total of 537,960 at the end of June 2016 which attested the public confidence and validated “Peoples’ Bank” motto for all the past reporting financial years.

This is a witness that the Bank is developing a public confidence from time to time even during

the most challenging year of operation as its stable and fairly priced deposit share is taking the upper hand on top of the fast growing customer base. The costly and not usually preferred deposit (fixed time deposit) share has increased during the particular financial year for two major reasons, one was demand for time deposit increased through the industry to ameliorate the timely looming liquidity challenge and partly due to our introduction of mudarabah deposit which increased the balance of investment deposit and hence the share of the fixed deposit increased relative to the recent past years.

Chart 1: Total Deposit Composition and the Aggregate Growth Trend



1.2 Loans and Advances Including IFB Financing

The Bank’s total Loans and Advances including IFB financing has reached Birr 5.77 billion as at June 30, 2016 with an annual incremental amount of Birr 750 million or 15% growth from last year same period. The observed increment was under the challenges of the year and the ever liquidity crunch which the private banks in general and OIB in particular faced during this reporting year. The strategic move taken by the Management to ease down the otherwise big challenge of the year was remarkable with the shortage of the fund in the market. Regarding the composition of credit and financing, Domestic Trade and Services (DTS) is the leader taking the highest share of 31% followed by Export 20% share, Transport and communication 13%, Housing and Construction with a share of 9%, Import 8% and Hotel and tourism 7% Share during the year.



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

(In millions of Birr)

Economic Sector	Amount		%Growth	%Share, Graphical presentation	
	2016	2015		2016	2015
Domestic Trade and Services	1,756	1,687.5	4%	30.4	33.6
Export	1,142	1,002.7	14%	19.8	20.0
Transport and Communication	730	400.5	82%	12.7	8.0
Housing and Construction	514	523.7	-2%	8.9	10.4
Import	456	403.7	13%	7.9	7.3
Hotel and Tourism	391	365.0	7%	6.8	8.0
Industry	343	332.2	3%	5.9	6.6
Personal and Mortgage Loans	253	199.5	27%	4.4	4.0
Agriculture	170	93.7	81%	2.9	1.9
Financial Institution	11	12.9	-12%	0.2	0.3
Mines, Power & Water Resources	2	1.8	-2%		
Total	5,767	5,023	15%		

1.3 FOREIGN CURRENCY GENERATION

The total foreign currency generated by International Banking Functions of OIB, as at June 30, 2016 stood at USD 222.87 million, exhibiting a decline of 0.7% compared with that of the preceding financial year similar period performance.

The Foreign Currency market continued to be one of the challenges of the banking business in Ethiopia over the past years and similarly 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 has got a cumulative effect of the underperformance of national FCY generation 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 except for the reporting year where it has registered slightly lower than the base year. Compared to the decline of national foreign currency earnings for instance from USD 2.99 billion of 2014-15 to USD 2.86 billion from export by end of 2015-16 Fiscal year, we have managed to protect our position in FCY earnings, in the situation.



Table 3: Break down of Foreign Currency Generation

(millions of USD)

	2016	2015	% Growth	%Share		FCY Comparison Graph of 2016 and 2015
				2016	2015	
Total FCY	222.90	224.89	-1%	100.0%	100.0%	
Export	131.40	135.36	-3%	59.0%	60.2%	
Incoming transfer	78.80	80.90	-3%	35.3%	36.0%	
Purchase	12.40	7.63	63%	5.6%	3.4%	
Forex dealing	0.30	1.00	-70%	0.1%	0.4%	

2. FINANCIAL PERFORMANCE

2.1 INCOME

OIB registered a record-high corporate aggregate income of Birr 1.16 billion during the ended financial year 2015/16, which exhibited a growth of 37% compared with the result achieved in the preceding year similar period. It is for the first time that we passed a billion since establishment and it is a great achievement within this very short business life in the Ethiopian Banking Industry.

Looking into the components of the total income, Interest Income from conventional Banking and revenue earned from IFBW constitutes 68.5% followed by Commission and Service Charges 21.3%, gain on foreign currency dealings and holdings 8%, and other income 2.2% as at end of June 2016.

Table 4: Income Composition for the Financial Year ended June 30, 2016 (In '000' of Birr)

Income Items	2016	2015	%Growth	%Share		Comparison Graph of 2016 and 2015
				2016	2015	
Total Income	1,163.6	849.5	37	100%	100%	
Interest Income +IFB Financing	796.5	517.8	54	68.5%	61%	
Commission And Service Charges	247.7	229.8	8	21.3%	27%	
Gain On Foreign Dealings	93.4	85.1	10	8%	10%	
Other Income	25.9	16.8	55	2.2%	2%	



2.2 EXPENSE

During the 2015/16 FY, the total expenses of the Bank reached Birr 838.5 million up by 51% compared to the preceding year balance. Out of the total expenses, Employee Salary and Benefit constituted 37.4% followed by General and Administrative expenses 34.4% and Interest paid and profit shared on savings and fixed time deposits and mudarabah deposits was 28.2% during the financial year under review.

Table-5: Composition of Expenses by Type

(In '000' Birr)

Expense Items	2016	2015	Growth	%Share		Comparison Graph of 2016 and 2015
				2016	2015	
Total Expenses	838.5	555.5	51	100.0	100.0	
Salary & Employee Benefits	313.7	213.8	47	37.4	38.5	
General & Administrative Expense	288.1	185.2	56	34.4	33.3	
Interest Expense	236.8	156.6	51	28.2	28.2	

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 51% 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 about Birr 100 million or 47% 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 increment during the period under review. The general and administrative expense also increased by 56% from the previous year balance due to:- office rent, provision for bad loans, depreciation and amortization, motor inspection and telephone, SWIFT and internet expenses paid and held for the year.

2.3 PROFIT

After holding adequate provisions for possible bad debts, the Bank's net profit before tax and after tax for the financial year is Birr 325 million and Birr 248.3 million, which have exhibited a percentage growth of 11% and 12% over the preceding year performance respectively.

2.4 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 is 3% during the financial year 2015/16, while the return on equity (profit before tax to average total capital employed, ROE) is 28.1% for the reporting period. This ratio is said to be a measure of management efficiency in turning the employed shareholders' equity to profitability and the range from 15% to 20% is said to be good. The net profit margin of the Bank (Net profit after tax divided by total income) is 28% for the year ended June



2016. Similarly, earning per share of the Bank (net profit balance divided by average number of shares outstanding) is Birr 310 which means the share with par value of Birr one thousand earned a return of Birr 310 for the financial year 2015/16.

2.5 DISTRIBUTION OF NET PROFIT

After making appropriate deductions (business profit tax), from gross profit earned during the fiscal year, Oromia International Bank generated a net profit of Birr 248,316,900. The Board of Directors, therefore, requests the General Meeting of Shareholders to endorse, Birr 62,079,225 to be kept in the legal reserve as per the requirement of Banking Business Proclamation No. 592/2008 Art 19 (1) which dictates to retain 25% of net profit as Legal Reserve and the remaining amount of Birr 185,237,675 to be paid out as dividends for all shareholders holding OIB shares in the fiscal year.

3. CAPACITY BUILDING

3.1 HUMAN RESOURCES

The total staff strength of the Bank during the period under review reached 2,880 up by 19% from last year number of 2,425 staff after a net addition of 455 staff in the year. Human resource development has been also one of the prime focuses of the Bank since its inception. To this end, during the 2015/16 financial year, a total of 3,718 employees were trained on a number of topics to cope up with the ever changing business environment as well as to provide efficient banking services to the customers. The selected senior management of the Bank has also got an exposure of oversee trainings during the reporting year.

3.2 INFORMATION TECHNOLOGY

Oromia International Bank has a strong passion and believes, from the date of its foundation, that technology based banking shall be a major strategic orientation as it will be a major tool (instrument) 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 49 newly opened branches during 2015/16 raising the number of branches already online to 197 branches out of the total 200 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 delivered towards launching the electronic banking channels such as mobile and agent banking, card banking and internet banking out of which card banking is already functioning, agent and mobile banking are on pilot test and internet banking is expected to be launched in the coming financial year. For this, the Bank has earmarked a significant amount of investment and building a new state of the art, data center and IT infrastructure which will serve as a spring board for efficient and competitive e-banking delivery channels and realization of the new strategic mission of our IT.

3.3 BRANCH NETWORK EXPANSION

During the just ended financial year, the Bank has opened 49 new branches in Finfinne and upcountry making a total of 200 branches up by 32% from the previous year number of 151 branches. Our bank is the leader private bank in Ethiopia by opening 142 branches in upcountry to meet its mission of serving the missing middle. This is a massive expansion which is notable at national level and highly contributing for the development of the industry, employment opportunity and hence country development.

4. FUTURE PLANS

OIB is firmly determined to be the gateway to the missing middle class of the society in which it operates from the date of its inception, 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 market access and job creation.

Eventually, for the purposes of providing fast, efficient and modern banking services to customers, and hence to contribute for the development of the sector, the Bank will further strengthen and continue, investing, implementing, enhancing and modernizing technology based banking solution and further improve financial accessibility in the coming financial year to new branches, head office and to introduce new products/services such as card banking which is operational, mobile and agent banking which is on pilot test, internet banking and other alternative technology banking services as well as other banking products that shall be launched based on better IT supports.

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 has been in operation over the last two and half years which has shown a 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 sustainably 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 special training center in Finfinne or surrounding Oromia Special Zone.

5. INTEREST FREE BANKING (IFB) SERVICES PERFORMANCE

This part is dedicated to separately presenting the major performance and position of OIB's IFB window which was already consolidated in the corporate picture of the Bank as briefly described in the previous sections of this report. Of course, the financial reporting of IFB window is separately presented in detail in the External Auditor's Report part in line with the requirements of the prevailing regulatory Directive and the principles of IFB services which is known as Shariah the full compliance of which is attested by our Shariah Advisory Committee.

OIB is already well recognized by the industry players and the target segment for its pioneering of these completely new products and services to Ethiopian market. It is only about two years and half since we have started piloting the services through our 28 branches. We have started expanding the services to more branches shortly after very short piloting period since the target customers' reception was encouraging far more than our expectations as though the products were already known in the market. Consequently, we had to embark on training more staffs and expanding the services to all branches on one hand and conducting as much as possible introductory campaign at selected towns of the country to educate our target customers on the major contents of the services. Those demanding efforts have of course born the intended fruit. Encouraged by the positive outcomes, the



Bank had continued the same effort during the reporting period (despite some challenges to comfortably travel to different targeted parts of the country) as a result of which we have managed to avail full IFB services through almost all branches, in 196 of 200 operational branches to be exact. We had also managed to introduce more products such as Mudarabah Investment Deposit service while we have been fine-tuning the already introduced products to cater for local needs. We have realized the desired results both in operational or financial measures and the acceptance of the intended target customers in this very short time in the market for which we are very proud. The potential in the market shows us that we have to work even harder to unlock all opportunities for which we are committed to move further towards meeting our potential customers' IFB needs.

5.1 IFB Fund Mobilization

During the reporting period, June 2015/16 the total IFB window deposit reached Birr 1.25 billion up by 43% from last year similar period closing balance. Though this product and service is very new to Ethiopian market and only recently pioneered by OIB as indicated above, it has already taken over 13% of our consolidated corporate deposit portfolio with faster progress to share more position.

In order to harvest more benefits in this regard, we noticed that we have to work harder and please our customers in all the amenities of the delivery of the practical and potential IFB products.

Table 6: IFB Deposit Break down by Type

(in "000" of Birr)

Income Items	2016	2015	Growth	%Share		Comparison Graph of 2016 and 2015
				2016	2015	
Total	1,250,854	873,728	43	100%	100%	
wadiah S/A	716,092	423,824	69	57.25%	48.5%	
Amanah D/A	378,015	296,006	28	30.22%	33.9%	
Special Saving Deposit	138,924	153,898	(10)	11.11%	17.6%	
Mudarabah Investment	17,644	-		1.41%	-	
Labbeika	179	-		0.014%	-	














5.2 IFB FINANCING

The total IFB Financing disbursement to different economic sectors was over Birr 609 million during the fiscal year ended June 30, 2016. The outstanding balance as of the reporting period after disbursement and collection was, however, Birr 509 million. The IFB financing in the year has shown a notable growth of 99% compared to the base year though the position is still low compared to the fund mobilized which needs further improvement in the upcoming period. The reporting period's ending IFB financing outstanding balance; however, took a significant share of over 8.8% of the corporate consolidated Loans and Advances and IFB financing balance, which is promising.



Table 7: Composition of IFB Financing by Sector

(In millions of Birr)

Economic Sector	Amount		%Growth	%Share, Graphical presentation	
	2016	2015		2016	2015
Murabaha Financing-Domestic Trade and Services	123	39	220	 24	15 
Murabaha Financing-Transport and Communication	87	70	25	 17	27 
Murabaha Financing-Import	81	54	50	 16	21 
Interest Free Export Facility	80	61	32	 16	24 
Murabaha Financing-Industry	67	30	123	 13	12 
Murabaha Financing-Agriculture	30	1	2,052	 6	0.4
Murabaha Financing-Construction	28	2	1,495	 5	1
Murabaha Financing-Hotel and Tourism	12	=		 2	
Total	508.8	256.2	99		

5.3 IFB Foreign Currency Generation

During the financial year 2015/16, the IFB window generated a total Foreign Currency of USD 23.9 million which is 10% compared to the corporate total foreign currency generation. There is a potential for more generation as more exporter customers are attracted by the Interest Free Export Financing services being uniquely availed by our Bank which of course need very close and active follow up after financing to generate the intended Foreign Exchange since it is the scarce asset that every bank ran after.

5.4 Income from IFB

During the reviewed financial year, IFB Window generated a total income of Birr 57 million showing a robust growth of about 4.8 times compared to the base year, out of which income from financing took the lion's share of 58% followed by Service charge 31%. The total Income from IFB hold 5% of the aggregate corporate income generated during the financial year 2015/16 with a big room for growth ahead in view of the unutilized fund and the potential for generating more Foreign Currency from the export earning that would enhance service charges and commissions.



Table 8: Composition of IFB Income by Type for the Period Ended June 30, 2016 (In 000 Birr)

Income Items	2016	2015	Growth	%Share		Comparison Graph of 2016 and 2015
				2016	2015	
Total Income	57,016	9,847	479	100	100	
Income from Financing	33,148	734	4,415	58.14	7	
Service Charge	17,812	6,298	183	31.24	64	
Commission Income	5,857	2,747	113	10.27	28	
Other income	199	67	195	0.35	1	

5.5 IFB Expense

The expense from the IFB wing for the financial year 2015/16 reached Birr 17.93 million a big part being the provision for possible bad debt of IFB financing amounting Birr 17.1 million.

OIB’s IFB window has also allocated Mudarabah Investment Deposit Profit share of about 179

thousand for the reporting period ended June 30, 2016 for the first time since it has got certain Mudarabah Investment Deposits accounts which gives a good news for those who put big sum of money in none earning and none shariah compliant deposit accounts until they need the fund for other purposes.

Table 9: Composition of IFB Expense by Type as at June 30, 2016 (In 000 Birr)

Expense Items	2016	2015	Growth	%Share		Comparison Graph of 2016 and 2015
				2016	2015	
Total Expenses	17,934	155	11,454	100	100	
Provision For IFB Financing	17,088	-	-	95	-	
Loss On Foreign Exchange Holding	662	154	330	4	99	
Profit Sharing On Unrestricted Mudarabah Investment	179	-	-	1	-	
General And Administrative Expenses	6	1	-	0	1	

The profit from the IFB window before tax of the year is Birr 39.1 million with net profit after tax of Birr 27.4 million.



5.6 IFB Window and Customer Base Expansion

In OIB, we are offering IFB operational products at 196 of 200 branches and our customers are served at each operational branch 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 is 97,530 at the end of June 2016. This is almost a double of last year customer number which was 55,960 as at June 2015. This shows the trust and confidence the public has in OIB's IFB services for which we are committed to come up with more products that suits our beloved customers.



OROMIA INTERNATIONAL BANK S.C

Shariah Advisory Committee



Sheik Saleh Nur Ahmed
SAC Chairperson



Sheik Aman Hussein Kabato
SAC Member



Sheik Mukhtar Khadir Al-Faqih
SAC Member

STATEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Dear Messrs/Shareholders of the Oromia International Bank,

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

The Sharia Advisory Committee monitored the principles used and the contracts related to the transactions and the applications launched by the Bank during the fiscal year ended on 30 June 2016. It also conducted the required monitoring to express an opinion on whether the Bank has complied with the Sharia rules and Fatwas, decisions, and the specific guidelines issued, and to ensure the Bank's compliance with them.

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

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

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

Our Opinion:

- The contracts, operations and transactions concluded by the Bank during the year ended on 30 June 2016, which we reviewed, were conducted according to the Sharia rules and principles.
- The profits distribution and loss allocation to the investment accounts complies with the principle adopted according to the Sharia rules and principles.



- All amounts devolved to the Bank from sources or realized from sources like penalties or by means that do not comply with the Sharia rules and principles were not incorporated in the Bank’s revenues and are placed and reported separately for charity purposes.
 - The responsibility of paying Zakat falls on the shareholders. The Bank’s management is not authorized to pay Zakat directly, as there is no law to that effect, and the Bank’s Articles of Association do not stipulate such an action nor do the decisions of the General Assembly or the shareholders’ authorization.
 - Therefore, the shareholder shall pay the Zakat of his shares when the Sharia conditions and controls of Zakat apply, while considering the following:
 - If the intention upon purchasing shares or subscribing for shares is trading, then he should pay the Zakat of the market value of shares and dividends.
 - If the intention upon purchasing shares or subscribing for shares is collecting profits and not trading, then he should pay the Zakat of the dividends in addition to the Zakat assets of his shares in the Bank through inspection and assessment.
- The Sharia Advisory Committee extends its thanks to the Oromia International Bank’s management and staff for their compliance with the Islamic Sharia Principles, their good management, and the Bank’s good results.

Sheik Saleh Nur Ahmed
SAC Chairperson

Sheik Mukhtar Khadir Al-Faqih
SAC Member

Sheik Aman Hussein Kabato
SAC Member



Events of the Bank held during the year



Shareholders meeting



Management meeting



Session with OIB key stakeholders



Customer Session





Projects Financed



MYK Construction and General Trading PLC



Organic Export Abattor PLC



Goals Commercial Center PLC



Oromia Development Association BLDG





AUDITOR'S REPORT



TAY & Co.

Chartered Certified Accountants & Authorized Auditors
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

OROMIA INTERNATIONAL BANK SHARE COMPANY (S.Co.)

Report on the financial Statements

We have audited the accompanying financial statements of Oromia International Bank S.Co., which comprise the balance sheet as at 30 June 2016, 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 2016 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

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

TAY & Co.

**Chartered Certified Accountants
and Authorized Auditors**

Addis Ababa
August 11, 2016



Oromia International Bank S.C. Consolidated Balance Sheet As at 30 June 2016

	Notes	Birr	2015
Assets			
Cash and Bank Deposits	3	2,148,247,295	1,674,864,006
Other Assets	4	491,635,293	685,137,588
Loans and Advances (net)	2(e),5	5,165,747,723	4,706,574,502
Interest Free Banking-Financing	6	491,753,348	256,150,868
Investment in NBE Bills and Bonds	7.2	2,379,640,000	1,931,634,000
Property, Plant and Equipment (net)	9	506,291,437	182,807,756
Acquired Properties		16,213,864	20,645,337
Deferred Tax Assets		-	128,631
Deferred Charges (net)	2(d),8	19,683,562	15,141,392
Investments in Shares	7.1	62,376,358	61,766,000
Total Assets		11,281,588,879	9,534,850,080
Liabilities			
Customer Deposits	10	9,347,730,211	8,005,994,036
Margin Held On Letter Of Credit	11	124,691,881	168,260,555
Other Liabilities	12	414,878,444	296,820,778
Deferred Tax Liability	28	2,801,270	-
Profit Tax Payable	26	73,668,445	70,851,246
		9,963,770,250	8,541,926,615
Capital			
Paid up Capital	13	921,447,000	678,695,065
Share Premium		7,693,740	7,693,740
Legal Reserve	14	202,807,860	140,728,635
Retained Earnings	12	185,870,028	165,806,026
Total Capital		1,317,818,628	992,923,465
Total Liabilities and Capital		11,281,588,879	9,534,850,080



Abera Tola
Chairman of the Board of Directors



Abie Sano
President



Oromia International Bank S.C. Consolidated Income Statement For the Year Ended 30 June 2016

Income	Notes	Birr	2015
Interest Income	15	763,348,889	517,111,582
Income From Murahabah Financing		33,148,044	734,124
Commission Income	16	74,641,215	66,055,207
Service Charges	17	173,095,006	163,739,004
Other Income	18	25,912,798	16,757,903
Gain on Foreign Currency	19	93,405,072	85,121,638
		1,163,551,024	849,519,458
Expenses			
General Expenses	21	232,881,911	150,751,600
Interest Expenses	22	236,753,919	156,635,774
Salaries & Benefits	23	313,682,298	213,756,337
Profit Sharing on Unrestricted Mudharabah Investment		179,071	-
Provision for Loans & Advances	2(e)	31,990,977	26,947,622
Provision for Murahabah Financing		17,087,826	-
Provision for Other Assets		841,268	4,644,494
Audit Fee		126,500	109,250
Directors Allowance	24	272,000	260,000
Loss on Foreign Currency and Other Charges	20	4,689,393	2,439,246
Total Expenses		838,505,164	555,544,323
Profit before Tax		325,045,860	293,975,135
Provision for Profit Tax	25	(73,799,059)	(70,976,848)
Deferred Tax Assets/ Liabilities		(2,929,901)	(1,201,577)
Profit after Tax		248,316,900	221,796,710
Transfer to Legal Reserve		(62,079,225)	(55,449,178)
Net Profit after Tax & Legal Reserve		186,237,675	166,347,533
Directors' Share on Profit	24	(367,647)	(541,507)
Retained Earning for the Year		185,870,028	165,806,026
Earning per Share of Birr 1,000	29	310	364



Abera Tola
Chairman of the Board of Directors



Abie Sano
President



Oromia International Bank S.C. Consolidated Cash Flow Statement For the Year Ended 30 June 2016

	Birr	2015
Cash Flow From Operating Activities		
Net Profit for the year	325,045,860	293,975,135
Adjustment for:		
Depreciation and Amortization	69,894,743	37,997,916
Provision for Loans and Advances	31,990,977	26,947,622
Provision for Murahabah Financing	17,087,826	-
Provision for Other Assets	841,268	4,644,494
Fixed Assets Adjustments	26,480	267,847
Gain on Exchange Rate Fluctuation and Forex Dealings	(92,750,253)	(84,965,619)
Cash Flow From Operation before Changes in Working Capital	352,136,901	278,867,395
Decrease (Increase) in Loans & Advances excluding Provision	(491,164,198)	(2,215,537,716)
Decrease (Increase) in Interest Free Banking-Financing excluding Provision	(252,690,306)	(242,522,899)
Decrease (Increase) in Other Assets	193,502,295	(223,606,745)
Decrease (Increase) in Acquired Properties	4,431,473	(1,163,822)
Increase (Decrease) in Deposits	1,341,736,175	3,001,998,227
Increase (Decrease) in Margin Held Account	(43,568,674)	(15,427,646)
Increase (Decrease) in Other Liabilities	79,866,339	119,725,419
Cash Generated From Operation	1,184,250,005	702,332,212
Profit tax Paid	(70,851,246)	(51,575,568)
Withholding Tax Paid	(130,614)	(125,602)
Net Cash flow from Operating Activities	1,113,268,145	650,631,042
Purchase of Fixed Assets	(390,896,201)	(107,300,649)
Investment in deferred Charges	(7,050,872)	(4,700,402)
Investment in NBE Treasury Bills	-	-
Special fixed time deposit with NBE	-	-
Investment in Shares	(610,358)	(6,772,771)
Investment in NBE Bills	(448,006,000)	(836,985,000)
Net Cash flow from Investing Activities	(846,563,431)	(955,758,821)
Cash Flow From Financing Activities		
Dividend Paid in Cash	(23,039,805)	(30,384,047)
Directors' Shares On Profit Paid	(367,647)	(476,944)
Share Capital Collected net dividend Capitalized	137,335,773	61,250,059
Share Premium Collected	-	231,960
Net Cash flow from Financing Activities	113,928,321	30,621,028
Effect of exchange rate fluctuation & EFOREX dealing	92,750,253	84,965,621
Changes in Cash and Cash Equivalents	473,383,289	(189,541,130)
Cash and Cash Equivalent at the Beginning of the Year	1,674,864,006	1,864,405,136
Cash Balance at the end of the Year	2,148,247,295	1,674,864,006



Abera Tola
Chairman of the Board of Directors



Abie Sano
President



**Oromia International Bank S.C.
Statement of Changes in Equity
For the Year Ended 30 June 2016**

Currency: Ethiopian Birr

	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Total Capital
Balance at 1 July 2014	540,499,429	7,461,780	85,279,457	115,280,717	748,521,383
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
Balance at 1 July 2015	678,695,065	7,693,740	140,728,635	165,806,026	992,923,465
Additional Shares Issued	-	-	-	-	-
Share Premium Collected	-	-	-	-	-
Collection from Subscribed Shares	137,335,773	-	-	-	137,335,773
Refund to Shareholders	-	-	-	-	-
Share Capital Adjustment	-	-	-	-	-
Dividend Capitalized	105,416,162	-	-	(105,416,162)	-
Dividends Retained	-	-	-	(37,350,058)	(37,350,058)
Dividend in Cash	-	-	-	(23,039,805)	(23,039,805)
Profit for the Year	-	-	-	248,316,900	248,316,900
Directors' Share on profit	-	-	-	(367,647)	(367,647)
Transfer to Legal Reserve	-	-	62,079,225	(62,079,225)	-
Balance at 30 June 2016	921,447,000	7,693,740	202,807,860	185,870,028	1,317,818,628



(Signature)
Abera Tola
Chairman of the Board of Directors



(Signature)
Abie Sano
President



Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016

1. General Information

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

2. Significant Accounting Policy

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and the pertinent 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 incurred during establishment of the bank and for branch openings and software costs are amortized at 20% & 10% per annum respectively.
- e) Loans and Advances are stated at cost less provisions. Provision on outstanding loans and advances are determined based on the percentages dictated in NBE directive SBB/43/2008 .

3. Cash and Bank Deposits

	Birr	2015
Cash on Hand- Local Currency	917,312,440	938,717,225
Cash on Hand- Foreign Currency	40,758,775	134,588,393
Reserve Account with NBE	476,000,000	400,000,000
Payment & Settlement Account with NBE	129,619,836	37,113,040
Issue Account with NBE	271,731,700	32,134,700
Deposit with Local Banks	65,171,210	74,613,742
Deposit with Foreign Banks	247,653,334	57,696,906
	2,148,247,295	1,674,864,006





Oromia International Bank S.C Notes to the accounts For the Year Ended 30 June 2016

4 Other Assets

	Birr	2015
Prepayments	171,694,820	372,075,293
Supplies Stock Account	7,771,338	5,260,986
Uncleared Effect - Foreign	41,217,464	72,414,371
Uncleared Effect - Local	34,287,349	88,794,049
Accrued Interest Receivables On NBE Bills	33,469,421	24,187,948
Accrued Receivables - Government Bond	302,192	299,178
Accrued Receivables - Share Companies	4,258,975	-
Accounts Receivable - Local	122,449	82,411
Staff Debtor	41,017,299	38,344,452
Miscellaneous	15,122,314	15,499,432
Fixed Assets in Store	24,735,136	7,422,330
Profit Receivable from Murahabah Financing	108,779,843	58,077,452.59
Branch under Openings	8,856,694	2,679,685
	491,635,293	685,137,588

5 Loans and Advances

	Birr	2015
Agriculture	140,009,000	92,597,800
Industry	275,871,643	302,270,236
Domestic Trade & Services	1,632,238,820	1,648,891,632
Export	1,061,418,979	941,903,649
Import	374,992,230	349,682,968
Construction	643,024,781	522,067,957
Transport & Communication	378,602,282	330,512,094
Hotel and Tourism	485,744,237	365,037,318
Mining,Power,& Water resources	1,761,074	1,761,074
Microfinance Institution	11,344,725	12,946,235
Consumer & Personal Loan	30,332,144	27,386,342
Mortgage Loans	222,999,745	172,118,156
	5,258,339,658	4,767,175,460
Less: Provision for Loans & Advances	(92,591,935)	(60,600,958)
	5,165,747,723	4,706,574,502

6 Interest Free Banking-Financing

	Birr	2015
Murahabah-Financing-Agriculture	22,724,706	1,056,180
Murahabah Financing-Agriculture Merchandise	7,205,515	-
Murahabah-Financing-Industry	66,707,608	29,923,114
Murahabah-Financing-Domestic Trade and Service	123,284,212	38,560,175
Interest Free Export Facility (Quard)	80,427,939	60,831,885
Murahabah-Financing-Import	80,990,939	54,028,154
Murahabah-Financing-construction	27,933,150	1,751,360
Murahabah-Financing-Transport and communication	87,393,801	70,000,000
Murahabah Financing-Hotel and Tourism	12,173,304	-
	508,841,174	256,150,868
Less: Provisions for IFB Financing	(17,087,826)	-
	491,753,348	256,150,868





Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016

7 Investments

7.1 Investments in Shares

	Birr	2015
Oromia Insurance S.C	10,396,000	10,396,000
Gutu Oromia Business S.C	3,250,000	3,250,000
Elemtu Integrated Dairy Industry S.C	10,000,000	10,000,000
Elemo Kiltu House Building	500,000	500,000
OIB - ODA Real Estate Plc	10,000,000	10,000,000
Eth. Switch S.C	11,370,000	11,370,000
TBO Printing & Publishing S.C	7,500,000	7,500,000
Tsehay Industry S.C	9,360,358	8,750,000
	62,376,358	61,766,000.00

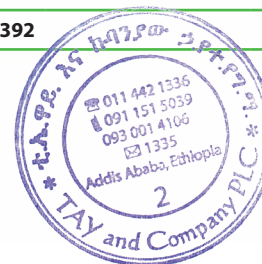
7.2 Investment in NBE Bills and Bonds

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

	Birr	2015
NBE Bills	2,369,640,000	1,921,634,000
Government Bonds	10,000,000	10,000,000
	2,379,640,000	1,931,634,000

8 Deferred Charges

	Balance as at 30/06/2015 Birr	Additions Birr	"Balance as at 30/06/2016" Birr
COST			
Establishment Cost	6,777,205	-	6,777,205
Swift Software	1,100,517	-	1,100,517
Omni Core Banking Softwares	15,141,393	4,928,227	20,069,620
Mobile and Agent Banking Softwares	-	2,122,645	2,122,645
Odda Office Modification & Renovation	287,604	-	287,604
	23,306,719	7,050,872	30,357,591
AMORTIZATION			
Establishment Cost	6,777,205	-	6,777,205
Swift Software	1,100,518	-	1,100,518
Omni Core Banking Softwares	-	2,508,703	2,508,703
Mobile and Agent Banking Softwares	-	-	-
Oda Office Modification & Renovation	287,604	-	287,604
	8,165,326	2,508,703	10,674,029
Net Book Value	15,141,392		19,683,562



Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016



9 Property, Plant & Equipment

Cost	Balance at 30 June 2015	Additions	Transferred	Adjustment	Balance at 30 June 2016
Building	1,525,000	267,834,489	-	-	269,359,489
Motor Vehicles	123,934,881	58,496,632	-	-	182,431,513
Furniture & Fittings	48,716,837	20,197,436	129,732	(600)	69,043,405
Office Equipments	49,650,454	22,036,959	(1,253,836)	(3,518)	70,430,059
Computer & Accessories	49,752,239	21,018,966	1,121,028	-	71,892,233
Construction in progress	22,601,335	1,311,720	-	-	23,913,054
	296,180,745	390,896,201	(3,076)	(4,118)	687,069,753
Depreciation					
Building	190,625	12,351,631	-	-	12,542,256
Motor Vehicles	50,368,485	23,593,625	-	-	73,962,111
Furniture & Fittings	18,863,701	9,986,374	11,590	-	28,861,665
Office Equipments	19,269,922	9,808,133	6,326	-	29,084,381
Computer & Accessories	24,680,256	11,646,278	1,371	-	36,327,904
	113,372,990	67,386,040	19,286	-	180,778,316
Net Book Value	182,807,756				506,291,437

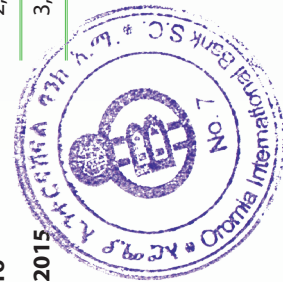




Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016

10. Deposits

	Demand	Saving	Amana Deposit	Wadi'ah Deposit	Mudharaba Deposit	Time Deposit	Total	2015
Private Sector	2,475,913,277	4,183,107,991	361,678,259	703,139,252	17,643,562	377,444,068	8,118,926,408	6,580,969,432
Public Agency and Enterprise	17,402,744	11,553,460	414,105	1,264,722	-	12,448,499	43,083,531	47,818,981
Domestic Banks	56,716,149	75,869,282	-	-	-	103,276,858	235,862,290	484,499,110
Insurance Companies	36,669,776	7,465,338	-	-	-	207,618,898	251,754,012	179,106,588
Microfinance Institutions	27,982,329	52,414,649	-	50	-	20,828,973	101,226,000	55,804,253
Cooperative & Associations	37,332,892	103,158,088	4,187,838	11,681,421	-	7,747,168	164,107,408	184,833,274
Regional Government	746,307	-	-	-	-	-	746,307	416,286
Overdraft	25,230,173	-	-	-	-	-	25,230,173	24,902,373
Resident Foreign Currency account	25,584,899	-	-	-	-	-	25,584,899	46,337,004
Foreign Currency Retention account	33,793,268	-	3,704,045	-	-	-	37,497,313	18,825,310
ECX Member account	49,416,447	-	-	-	-	-	49,416,447	89,319,328
Non Resident Foreign Currency account	53,840,244	-	8,028,615	-	-	-	61,868,931	94,381,102
Diaspora Non Resident FCY account	33,092,943	-	1,673	-	-	19,706,468	52,801,083	-
Correspondent - their account	6,871,931	-	-	-	-	-	6,871,931	6,904,319
Non Interest bearing Special Saving account	-	138,953,326	-	-	-	-	138,953,326	153,898,144
OIB Staff Provident Fund account	-	33,561,991	-	6,711	-	-	33,568,702	37,889,237
M-Wallet/ Vartual	-	52,532	-	-	-	-	52,532	-
Labbaik account	-	-	-	178,989	-	-	178,989	89,294
Total as at 30 June 2016	2,880,593,379	4,606,136,659	378,041,534	716,271,144	17,643,562	749,070,932	9,347,730,211	8,005,994,036
Balance as at 30 June 2015	3,088,049,164	3,854,029,352	291,788,401	423,913,318	-	348,213,801	8,005,994,036	





Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016

11 Margin Held on Letter of credit

	Birr	2015
Margin Held on LC	121,645,919	166,347,438
Arbun Held on LC	3,045,962	1,913,117
	124,691,881	168,260,555

12 Other Liabilities

	Birr	2015
Other Provisions	5,485,112	4,643,844
TT Payable	18,489,735	17,530,113
CPO & Certified Cheques issued	159,772,326	154,582,237
Income Tax Payable	3,210,434	2,066,121
VAT Payable	182,010	719,039
Withholding Tax Payable	791,382	448,169
Pension Payable	1,346,889	793,938
Stamp Duty Charges	1,135,915	1,639,638
Tax on Capital Gain	50,400	-
Tax Payable On Interest	1,624,930	1,465,350
Hamish Jiddya Payable	13,926,487	145,995
Accrued Interest On Fixed Time Deposit	21,481,134	13,257,090
Dividend Payable	37,350,058	8,547,443
Audit fee	126,500	109,250
Accrued Leave Payable	19,949,555	13,621,673
Account Payable Miscellaneous	15,366,819	9,179,163
Exchange Payable to NBE	3,191,052	7,472,998
Deferred Income-Rent	1,875,669	1,979,759
Deferred Murabaha profit	108,779,843	58,077,453
Charity Fund Payable	374,546	-
Directors' Share on Profit	367,647	541,507
	414,878,444	296,820,778

13 Paid up Share Capital

The authorized share capital of the bank is Birr 3 Billion comprising 3,000,000 ordinary shares at par value of Birr 1,000 each. Total subscribed shares at the balance sheet date is Birr 2,078,553,000 out of which Birr 921,447,000 is fully paid.

14 Legal Reserve

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

15 Interest Income

	Birr	2015
Interest Earned On Loans and Advances	695,687,994	465,483,787
Interest Earned On Surplus Fund	67,660,895	51,627,795
	763,348,889	517,111,582





Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016

16 Commission Income	Birr	2015
Commission on Foreign Transactions	48,021,603	46,126,725
Commission on Letter of Guarantee	15,834,598	11,136,261
Commission-Local	3,481,787	1,247,143
CPOs and cheque paid	1,136,375	818,594
OTCPs, TT's & ABB	6,166,851	6,726,484
	74,641,215	66,055,207

17 Service Charges	Birr	2015
Service Charges - Local	10,161,652	7,173,004
Service Charges - Foreign	162,933,354	156,566,000
	173,095,006	163,739,004

18 Other Income	Birr	2015
Office Rent Income	8,425,851	7,967,867
Commitment Charge	3,099,876	1,148,024
Gain on disposal of Old assets	-	4,000
Gain on disposal of Acquired Properties	2,453,341	-
Estimation, Inspection and Arrangement fee	3,317,203	2,099,557
Cash Surplus	393,644	240,753
Telephone, Postages and Money Bags	438,396	292,120
Dividend Income	4,869,333	3,345,215
Other Income - Miscellaneous	2,915,155	1,660,367
	25,912,798	16,757,903

19 Gain On Foreign Currency	Birr	2015
Gain On Foreign Currency Transactions	46,304,792	50,971,805
Gain On Foreign Currency Holdings	47,100,280	34,149,834
	93,405,072	85,121,638

20 Loss on Foreign Currency and Other Charges	Birr	2015
Loss On Foreign Currency Holdings	654,804	154,004
Loss on Foreign Exchanges	15	2,015
Correspondent Charges	2,290,717	1,418,115
Swift Charges	1,743,857	865,111
	4,689,393	2,439,246





Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016

21 General Expenses	Birr	2015
Advertisement and Publicity	7,910,392	6,840,748
Microsoft Licensing and Anti Virus Fee	953,158	512,118
Bank charges	1,480,996	1,499,505
Cheque Books	4,645	10,329
Cleaning Supplies	498,157	444,546
Consultancy Fee	117,250	219,695
Depreciation and Amortization	69,894,743	37,997,916
Donation	176,614	49,500
Entertainment	522,244	749,865
General Assembly Meeting and Others	2,502,730	5,028,178
Health Club Membership Allowance	-	35,420
Inauguration	213,550	478,401
Insurance Expense	4,999,954	3,408,512
Land and Building tax	57,955	39,652
Legal	117,970	322,582
License Fees	75,900	46,691
Membership Fees	270,128	154,128
Miscellaneous	14,353,580	952,849
Money Bags	11,341	9,236
Motor Vehicle Inspection	492,021	354,004
Office Rent	66,370,547	42,623,230
Parking	18,756	13,815
Perdiem and Accommodation	4,909,100	5,546,862
Petrol and Lubricants	4,691,918	4,587,172
Postage	219,366	211,140
Repair and Maintenance	6,396,495	4,470,843
Revenue Stamp	20,316	725
Stationary and Printing	12,524,998	9,719,309
Money Bags	123,583	309,636
Sundries	74,520	-
Supplies expense	4,253,547	4,409,357
Telephone, Swift and Internet	15,915,491	11,095,045
Transport of Currency	1,631,901	1,395,646
Transportation	1,591,293	2,263,172
Wages	7,678,780	4,005,301
Water and Electricity	1,807,970	946,472
	232,881,911	150,751,600

22 Interest Expenses	Birr	2015
Interest on Saving Deposits	170,218,785	130,073,645
Interest on Fixed Time Deposits	45,680,045	26,562,129
Interest on Demand Deposit	6,230,499	-
Interest On NBE Borrowing	14,624,590	-
	236,753,919	156,635,774





Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016

23 Salaries and Benefits

	Birr	2015
Accrued Leave Pay	6,742,604	5,518,706
Acting Allowance	137,680	48,980
Bonus	19,814,356	15,759,933
Cash Indemnity Allowance	5,432,773	3,996,249
Clerical Staffs Salaries	99,014,275	65,643,736
Contractual Staffs Salaries	7,596,474	4,861,599
Disturbance Allowance	80,800	78,800
Fuel and Transportation Allowance	27,223,025	21,536,438
Funeral Expense	-	6,000
Hardship Allowance	11,737,742	8,002,585
Housing Allowance	5,306,467	4,097,091
Managerial Staffs Salaries	47,618,431	33,588,378
Medical	3,935,633	2,943,212
Non Clerical Staffs Salaries	28,837,300	19,854,933
Overtime Payments	1,588,507	1,249,276
Provident Fund Contribution	25,814,323	17,695,929
Representation Allowance	2,733,725	2,167,300
Severance, Top Up & FCY Generation Scheme	4,783,679	746,246
Staff Insurance	2,542,302	1,625,446
Training and Education	10,399,285	1,223,207
Uniforms	1,353,841	2,205,683
Utility Allowance	989,076	906,610
	313,682,298	213,756,337

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

	Birr	2015
Profit before tax	325,045,860	293,975,135
Add:		
Disallowed Expenditures		
Depreciation and Amortization for Accounting Purpose	69,894,743	37,997,916
Entertainment	522,244	749,865
Penalty	40,000	10,369
Donations	176,614	99,500
Sponsorship	-	730,000
	70,633,600	39,587,650

Deduct:

Depreciation and Amortization for Tax purpose	77,152,376	42,003,173
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Exempt Incomes and Incomes taxed at source:

Dividend Income	4,869,333	3,345,215
Interest From Deposits at Local banks	162,543	8,079,563
Interest From Deposits at Foreign Banks	45	17,342
Interest Income On NBE bills and Bonds	67,498,307	43,530,889
	149,682,605	96,976,182

Taxable Profit

Provision for Taxation@30%	73,799,057	70,975,981
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Add: 5% On deposit at Foreign banks

	2	867
	73,799,059	70,976,848



Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016



	Birr	2015		Computer & Accessories	Other Business Assets	"Intangible Assets"	Depreciation Total
26 Profit Tax Payable							
Balance Brought Forward	70,851,246	51,575,568					
Profit Tax Paid During the year	(70,851,246)	(51,575,568)					
Current Year Provision for Profit Tax	73,799,059	70,976,848					
Withholding Tax Paid	(130,614)	(125,602)					
Balance Carried Forward	73,668,445	70,851,246					
27 Depreciation and Amortization for Tax Purpose							
Depreciation and Amortization Base brought forward	1,525,000	24,653,870	156,244,210	8,165,326	190,588,406		
Fixed Assets Transferred to Expenses at their book Value	-	1,121,028	(1,128,222)	-	(7,194)		
Current Year Additions	267,834,489	21,018,966	100,731,027	-	389,584,481		
Depreciation Base at end of the Year	269,359,489	46,793,864	255,847,015	8,165,326	580,165,694		
Depreciation @5%,25%, 20% and 10%	(13,467,974)	(11,698,466)	(51,169,403)	(816,533)	(77,152,376)		
Depreciation Base Carried Forward	269,359,489	46,793,864	255,847,015	8,165,326.00	580,165,694		





Oromia International Bank S.C
Notes to the accounts
For the Year Ended 30 June 2016

28 Deferred Tax Asset/Liability

	Birr	2015
Depreciation and amortization Computed for Reporting Purpose	67,386,040	37,997,916
Depreciation and amortization Computed for Tax Purpose	(77,152,376)	(42,003,173)
Temporary difference	(9,766,336)	(4,005,257)
Differed Tax asset/liability@30%	(2,929,901)	(1,201,577)
Balance B/F	128,631	1,330,208
Balance C/F	(2,801,270)	128,631

29 Earning per Share

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

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

31 Commitments and Contingent Liabilities

	Birr	2015
Guarantees Issued and Outstanding	570,367,448	367,539,161
Commitments on Letter of Credit net of Margin Paid	286,796,254	159,603,433
Liability on acceptance of Letter of credit	2,766,273	2,766,273
TCG Issued and Outstanding	24,650,000	-
Loan Approved but not Disbursed	241,666,397	348,723,712
Unutilized overdraft and other facility	568,565,959	664,652,533
Approved Murahabah but Not Financed	432,789,942	367,139,389
Undrawn Quard Balance	213,572,061	137,168,115
	2,341,174,336	2,047,592,616

32 Memorandum Accounts

	Birr	2015
Interest on non-performing loans	15,493,368	11,212,178
Money bags	7,849	4,471
Outward Documentary Bills for Collections-Sight	49,811,136	9,793,232
Outward bills for collections-other Banks	(236,360)	-
Inward Bills for Collection Sight	7,786,298	38,350,541
Inward bills for Collection Acceptance	1,069,773	-
	73,932,065	59,360,422





**Oromia International Bank S.C.
Balance Sheet -Conventional Banking
As At 30 June 2016**

	Notes	Birr	2015
Assets			
Cash and Bank Deposits	1	1,497,948,502	1,286,931,055
Other Assets	2	355,657,287	622,868,885
Loans and Advances (net)	3	5,165,747,723	4,706,574,502
Investment in NBE Bills and Bonds	4.2	2,379,640,000	1,931,634,000
Property,Plant and Equipment (net)	6	506,291,437	182,807,755
Acquired Properties		16,213,864	20,645,338
Deferred Tax Assets	24	-	128,631
Deferred Charges (net)	5	19,683,562	15,141,393
Investments in Shares	4.1	62,376,358	61,766,000
Correspondent Account with IFB		27,357,074	-
		10,030,915,806	8,828,497,559
Liabilities			
Customer Deposits	7	8,235,800,970	7,286,075,159
Margin Held On Letter Of Credit		121,645,919	166,347,438
Other Liabilities	8	290,905,034	233,227,859
Deferred Tax Liabilities		2,801,270	-
Profit Tax Payable	22	61,943,985	67,943,813
Current account with IFB		-	81,979,825
Total Liabilities		8,713,097,178	7,835,574,094
Capital			
Paid up capital	9	921,447,000	678,695,065
Share premium		7,693,740	7,693,740
Legal reserve	10	202,807,860	140,728,634
Retained Earnings		185,870,028	165,806,026
Total Capital		1,317,818,628	992,923,465
Total Liabilities and Capital		10,030,915,806	8,828,497,559




Abera Tola
Chairman of the Board of Directors




Abie Sano
President



**Oromia International Bank S.C.
Income Statement-Conventional Banking
For the Year Ended 30 June 2016**

Income	Notes	Birr	2015
Interest	11	763,348,889	517,111,582
Commission Income	12	68,784,182	63,308,004
Service Charges	13	155,283,327	157,441,072
Gain (Loss) on Foreign Currency	15	93,405,072	85,121,638
Other Income	14	25,713,771	16,690,492
		1,106,535,241	839,672,788
Expenses			
General Expenses	17	232,876,073	150,750,377
Interest Expenses	18	236,753,919	156,635,774
Salaries & Benefits	19	313,682,298	213,756,337
Provision for Loans & Advances	3	31,990,977	26,947,622
Provision for Other Assets		841,268	4,644,494
Audit Fee		126,500	109,250
Directors Allowance	20	272,000	260,000
Loss On Foreign Currency and Other Charges	16	4,027,879	2,285,242
Total Expenses		820,570,916	555,389,096
Profit before Tax		285,964,326	284,283,692
Provision for Profit Tax	21	(62,074,599)	(68,069,415)
Deferred Tax Assets/Liabilities		(2,929,901)	(1,201,577)
Profit after Tax		220,959,826	215,012,700
Transfer to Legal Reserve		(55,239,957)	(53,753,175)
Net Profit after Tax & Legal Reserve		165,719,870	161,259,525
Directors Share on Profit		(367,647)	(541,507)
Retained Earning for the Year		165,352,223	160,718,018
Earning per Share of Birr 1000	25	276	353



Abera Tola
Chairman of the Board of Directors



Abie Sano
President



Oromia International Bank S.C.
Cash Flow Statement-Conventional Banking
For the Year Ended 30 June 2016

	Birr	2015
Cash Flow From Operating Activities		
Net Profit for the year	285,964,326	284,283,692
Adjustment for:		
Depreciation and Amortization	69,894,743	37,997,916
Provision for Doubtful Loans & Advances	31,990,977	26,947,622
Provision for Other Assets	841,268	4,644,494
Fixed assets and adjustment	26,480	267,847
Effect of exchange rate fluctuation and Forex dealing	(93,405,072)	(85,119,623)
Cash Flow From Operation before Changes in Working Capital	295,312,721	269,021,948
Decrease (Increase) in Loans & Advances excluding provision	(491,164,198)	(2,215,537,716)
Decrease (Increase) in Other Assets	267,211,598	(164,596,329)
Decrease (Increase) in Acquired Properties	4,431,474	(1,163,823)
Increase (Decrease) in Deposits	949,725,811	2,457,049,109
Increase (Decrease) in Margin Held Account	(44,701,518)	(17,340,763)
Increase (Decrease) in Other Liabilities	19,485,846	56,158,674
Increase (Decrease) in current account with IFB	(81,979,825)	39,163,954
Cash Flow From Operation before Changes in Working Capital	918,321,909	422,755,054
Profit tax Paid	(67,943,813)	(51,619,034)
Withholding Tax Paid	(130,614)	(125,602)
Net Cash Inflow from Operating Activities	850,247,482	371,010,418
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(390,896,201)	(107,300,649)
Investment in deferred charges	(7,050,872)	(4,700,402)
Investment in Treasury Bills	-	-
Special fixed time deposit with NBE	-	-
Investment in NBE Bills	(448,006,000)	(836,985,000)
Investment in other companies shares	(610,358)	(6,772,769)
cash out flow from investing activities	(846,563,431)	(955,758,820)
Net Cash Outflow from Investing Activities		
Cash Flow From Financing Activities		
Dividend paid in cash	(23,039,805)	(30,348,047)
Directors' share on profit paid	(367,647)	(476,944)
Share capital collected net dividend capitalized	137,335,773	61,250,059
Share premium Collected	-	231,960
Cash Flow from Financing Activities	113,928,321	30,657,028
Effect of exchange rate fluctuation & FOREX dealing	93,405,072	85,119,623
Changes in Cash and Cash Equivalents	211,017,445	(468,971,751)
Cash and Cash Equivalent at the Beginning of the Year	1,286,931,057	1,755,902,805
Cash Balance at end of the year	1,497,948,502	1,286,931,055



Abera Tola
 Chairman of the Board of Directors



Abie Sano
 President



Oromia International Bank S.C. Notes to the Accounts-Conventional Banking For the Year Ended 30 June 2016

1 Cash and Bank Deposits

	Birr	2015
Cash on Hand- Local Currency	401,316,108	550,784,274
Cash on Hand- Foreign Currency	40,758,775	134,588,393
Reserve Account with NBE	476,000,000	400,000,000
Payment & Settlement Account with NBE	129,619,836	37,113,040
Issue Account with NBE	137,429,239	32,134,700
Deposit with Local Banks	65,171,210	74,613,742
Deposit with Foreign Banks	247,653,334	57,696,906
	1,497,948,502	1,286,931,055

2 Other Assets

	Birr	2015
Prepayments	171,694,820	372,075,293
Supplies Stock Account	7,558,402	4,965,347
Uncleared Effect - Foreign	33,401,090	68,251,483
Uncleared Effect - Local	15,118,496	89,061,326
Accrued Interest Receivables On NBE Bills	33,469,421	24,187,948
Accrued Receivables - Government Bond	302,192	299,178
Accrued Receivables - Share Companies	4,258,975	-
Accounts Receivable - Local	122,449	82,411
Staff Debtor	41,017,299	38,344,452
Miscellaneous	15,122,314	15,499,432
Fixed Assets in Store	24,735,136	7,422,330
Branch under Openings	8,856,694	2,679,685
	355,657,287	622,868,885

3 Loans and Advances

	Birr	2015
Agriculture	140,009,000	92,597,800
Industry	275,871,643	302,270,236
Domestic Trade & Services	1,632,238,820	1,648,891,632
Export	1,061,418,979	941,903,649
Import	374,992,230	349,682,968
Construction Loans	643,024,781	522,067,957
Transport and Communication	378,602,282	330,512,094
Hotel and Tourism	485,744,237	365,037,318
Mines, Powers and Water Resource	1,761,074	1,761,074
Microfinance Institution	11,344,725	12,946,235
Mortgage Loan	222,999,745	172,118,156
Consumer and Personal Loan	30,332,144	27,386,342
	5,258,339,658	4,767,175,460
Less: Provision for Loans & Advances	(92,591,935)	(60,600,958)
	5,165,747,723	4,706,574,502





Oromia International Bank S.C. Notes to the Accounts-Conventional Banking For the Year Ended 30 June 2016

4 Investments

4.1 Investments in Shares

	Birr	2015
Oromia Insurance S.C	10,396,000	10,396,000
Gutu Oromia Business S.c	3,250,000	3,250,000
Elemtu Integrated Dairy Industry S.C	10,000,000	10,000,000
Elemo Kiltu House Building	500,000	500,000
OIB-ODA Real Estate Plc	10,000,000	10,000,000
Eth. Switch S.C	11,370,000	11,370,000
TBO Printing and Publishing S.C	7,500,000	7,500,000
Tsehay Industry S.C	9,360,358	8,750,000
	62,376,358	61,766,000

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 government bond which bears 6% interest.

	Birr	2015
NBE Bills	2,369,640,000	1,921,634,000
Government Bond	10,000,000	10,000,000
	2,379,640,000	1,931,634,000

5 Deferred Charges

	Balance as at 30/06/2015 Birr	Additions Birr	Balance as at 30/06/2016 Birr
COST			
Establishment Cost	6,777,205	-	6,777,205
Swift Software	1,100,517	-	1,100,517
Omni Core Banking Softwares	15,141,393	4,928,227	20,069,620
Mobile and Agent Banking Softwares	-	2,122,645	2,122,645
Odda Office Modification & Renovation	287,604	-	287,604
	23,306,719	7,050,872	30,357,591
AMORTIZATION			
Establishment Cost	6,777,205	-	6,777,205
Swift Software	1,100,518	-	1,100,518
Omni Core Banking Softwares	-	2,508,703	2,508,702.58
Odda Office Modification & Renovation	287,604	-	287,603.80
	8,165,326	2,508,703	10,674,029
	15,141,393		19,683,562

Book Value





Oromia International Bank S.C. Notes to the Accounts-Conventional Banking For the Year Ended 30 June 2016

6 Property, Plant & Equipments

Cost	Balance at 30 June 2015	Additions	Transfer	Adjustment	Balance 30 June 2016
Building	1,525,000	267,834,489	-	-	269,359,489
Motor Vehicles	123,934,881	58,496,632	-	-	182,431,513
Furniture and Fitting	48,716,837	20,197,436	129,732	(600)	69,043,405
Office Equipment	49,650,454	22,036,959	(1,253,836)	(3,518)	70,430,059
Computer and Accessories	49,752,239	21,018,966	1,121,028	-	71,892,233
Construction in progress	22,601,335	1,311,720	-	-	23,913,054
	296,180,745	390,896,201	(3,076)	(4,118)	687,069,753
Depreciation					
Building	190,625	12,351,631	-	-	12,543,626
Motor Vehicles	50,368,485	23,593,625	-	-	73,962,111
Furniture and Fitting	18,863,701	9,986,374	11,590	-	28,861,665
Office Equipment	19,269,922	9,808,133	6,326	-	29,084,381
Computer and Accessories	24,680,256	11,646,278	1,371	-	36,327,904
	113,372,990	67,386,040	19,286	-	180,778,316
Net Book Value	182,807,756				506,291,437

7 Deposits

	Balance as at 30 June 2016				2015
	Demand	Saving	Time Deposit	Total	
Private Sector	2,475,913,277	4,183,107,991	377,444,068	7,036,465,336	5,882,137,768
Public Agency and Enterprise	17,402,744	11,553,460	12,448,499	41,404,704	47,631,490
Domestic Banks	56,716,149	75,869,282	103,276,858	235,862,290	484,499,110
Insurance Companies	36,669,776	7,465,338	207,618,898	251,754,012	179,106,588
Microfinance Institutions	27,982,329	52,414,649	20,828,973	101,225,950	55,804,253
Cooperative & Associations	37,332,892	103,158,088	7,747,168	148,238,149	168,240,005
Regional Government	746,307	-	-	746,307	416,286
Overdraft	25,230,173	-	-	25,230,173	24,902,373
Resident Foreign Currency account	25,584,899	-	-	25,584,899	46,337,004
Foreign Currency Retention account	33,793,268	-	-	33,793,268	18,825,310
ECX Member account	49,416,447	-	-	49,416,447	89,319,328
Non Resident Foreign Currency account	53,840,244	-	-	53,840,244	90,163,944
Diaspora Non Resident FCY account	52,799,411	-	-	52,799,411	-
Correspondent - their account	6,871,931	-	-	6,871,931	6,904,319
Non Interest bearing Special Saving account	-	138,953,326	-	138,953,326	153,898,144
OIB Staff Provident Fund account	-	33,561,991	-	33,561,991	37,889,236.51
M-Wallet/ Vartual	-	52,532	-	52,532	-
Total Balance as at 30 June 2016	2,900,299,847	4,606,136,659	729,364,464	8,235,800,970	7,286,075,159
Balance as at 30 June 2015	3,083,832,005	3,854,029,352	348,213,801	7,286,075,159	





Oromia International Bank S.C. Notes to the Accounts-Conventional Banking For the Year Ended 30 June 2016

8 Other Liabilities

	Birr	2015
Other Provisions	5,485,112	4,643,844
TT Payable	18,489,735	17,530,113
CPO & Certified Cheques issued	159,772,326	154,582,237
Income Tax Payable	3,210,434	2,066,121
VAT Payable	182,010	719,039
Withholding Tax Payable	791,382	443,021
Pension Payable	1,346,889	793,938
Stamp duty Charges	1,134,095	1,632,118
Tax on Capital Gain	50,400	-
Tax Payable On Interest	1,624,930	1,465,350
Accrued Interest On Fixed Time Deposit	21,481,134	13,257,090
Dividend Payable	37,350,058	8,547,443
Audit fee	126,500	109,250
Accrued Leave payable	19,949,555	13,621,673
Account Payable Miscellaneous	15,142,038	4,588,664
Exchange Payable to NBE	2,525,119	6,706,692
Deferred Income-Rent	1,875,669	1,979,759
Directors Share on Profit	367,647	541,507
	290,905,034	233,227,859

9 Paid up Share Capital

The authorized share capital of the bank is Birr 3 Billion comprising 3,000,000 ordinary shares at par value of Birr 1,000 each. Total subscribed shares at the balance sheet date is Birr 2,078,553,000 out of which Birr 921,447,000 is fully paid.

10 Legal Reserve

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

11 Interest Income

	Birr	2015
Interest Earned On Loans and Advances	695,687,994	465,483,787
Interest Earned On Surplus Fund	67,660,895	51,627,795
	763,348,889	517,111,582





Oromia International Bank S.C. Notes to the Accounts-Conventional Banking For the Year Ended 30 June 2016

	Birr	2015
12 Commision Income		
Commission on Foreign Transactions	43,612,227	43,688,892
Commission on Letter of Guarantee	15,102,901	11,050,549
Commission-Local	3,228,637	1,150,930
CPOs and cheque paid	1,136,365	818,549
OTCPs, TT's & ABB	5,704,052	6,599,084
	68,784,182	63,308,004
13 Service Charges		
Service Charges - Local	9,715,407	7,019,008
Service Charges - Foreign	145,567,920	150,422,064
	155,283,327	157,441,072
14 Other Income		
Office Rent	8,425,851	7,967,867
Commitment Charge	3,099,876	1,148,024
Gain on disposal of Old assets	-	4,000
Gain on disposal of Acquired Properties	2,453,341	-
Etimation, Inspection and Arrangment fee	3,157,003	2,037,757
Cash Surplus	392,435	240,753
Telephone,Postages and Money Bags	433,210	290,340
Dividend Income	4,869,333	3,345,215
Othe Income - Miscellaneous	2,882,722	1,656,537
	25,713,771	16,690,492
15 Gain On Foreign Currency		
Gain On Foreign Currency Transactions	46,304,792	50,971,805
Gain On Foreign Currency Holdings	47,100,280	34,149,834
	93,405,072	85,121,638
16 Loss On Foreign Currency and Other Charges		
Loss on foreign exchange Holding	(6,709)	-
Loss On Foreign Exchanges	15	2,015
Correspondent Charges	2,290,717	1,418,115
Swift Charges	1,743,857	865,111
	4,027,879	2,285,242





Oromia International Bank S.C.
Notes to the Accounts-Conventional Banking
For the Year Ended 30 June 2016

17 General Expenses

	Birr	2015
Advertisement and publicity	7,910,392	6,840,748
Microsoft windows server License & Anti - Virus	953,158	512,118
Bank charges	1,480,996	1,499,505
Cheque books	2,792	9,903
Cleaning supplies	498,157	444,546
Consultancy fee	117,250	219,695
Depreciation and amortization	69,894,743	37,997,916
Donation	176,614	49,500
Entertainment	522,244	749,865
General assembly meeting and others	2,502,730	5,028,178
Health club membership allowance	-	35,420
Inauguration	213,550	478,401
Insurance expense	4,999,954	3,408,512
Land and Building tax	57,955	39,652
Legal	117,970	322,582
License fees	75,900	46,691
Membership fees	270,128	154,128
Miscellaneous	14,351,754	952,199
Money bags	11,341	9,236
Motor vehicle inspection	492,021	354,004
Office rent	66,370,547	42,623,230
Parking	18,756	13,815
Perdiem and accommodation	4,909,100	5,546,862
Petrol and lubricants	4,691,918	4,587,172
Postage	218,192	211,140
Repair and maintenance	6,396,495	4,470,843
Revenue stamp	20,316	725
Stationary and printing	12,524,014	9,719,309
Subscription	123,583	309,636
USAID Guarantee Utilization fee	74,520	-
Supplies expense	4,253,547	4,409,209
Telephone, swift and internet	15,915,491	11,095,045
Transport of Currency	1,631,901	1,395,646
Transportation	1,591,293	2,263,172
Wages	7,678,780	4,005,301
Water and electricity	1,807,970	946,472
	232,876,073	150,750,377





Oromia International Bank S.C. Notes to the Accounts-Conventional Banking For the Year Ended 30 June 2016

18 Interest Expenses	Birr	2015
Interest on Saving Deposits	170,218,785	130,073,645
Interest on Fixed Time Deposits	45,680,045	26,562,129
Interest on Demand Deposit	6,230,499	-
Interest On NBE Borrowing	14,624,590	-
	236,753,919	156,635,774
19 Salaries and Benefits	Birr	2015
Accrued Leave Pay	6,742,604.25	5,518,706
Acting Allowance	137,679.60	48,980
Bonus	19,814,356.16	15,759,933
Cash Indemnity Allowance	5,432,773.21	3,996,249
Clerical Staffs Salaries	99,014,275.23	65,643,736
Contractual Staffs Salaries	7,596,473.60	4,861,599
Disturbance Allowance	80,800.00	78,800
Fuel and Transportation Allowance	27,223,025.16	21,536,438
Funeral Expense	-	6,000
Hardship Allowance	11,737,741.91	8,002,585
Housing Allowance	5,306,467.04	4,097,091
Managerial Staffs Salaries	47,618,431.41	33,588,378
Medical	3,935,632.68	2,943,212
Non Clerical Staffs Salaries	28,837,299.92	19,854,933
Overtime Payments	1,588,507.39	1,249,276
Provident Fund Contribution	25,814,323.35	17,695,929
Representation Allowance	2,733,725.05	2,167,300
Severance, Top Up & FCY Generation Scheme	4,783,678.81	746,246
Staff Insurance	2,542,302.03	1,625,446
Training and Education	10,399,284.94	1,223,207
Uniforms	1,353,841.19	2,205,683
Utility Allowance	989,075.56	906,610
	313,682,298	213,756,337

20 Directors Allowance

Directors Allowances represent monthly allowances of Birr 2,000.00 per month and annual compensation of Birr 50,000.00 per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE Directive SBB 49/2011.





Oromia International Bank S.C.
Notes to the Accounts-Conventional Banking
For the Year Ended 30 June 2016

21 Provision for Taxation

Profit before tax

Add:

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

Depreciation and amortization for accounting Purpose

Entertainment

Penalty

Donations

Sponsorships

Paid Up Capital Adjustment

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

Deduct:

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

Depreciation and amortization for Tax purpose

Exempt Incomes and Incomes taxed at source:

Dividend Income

Interest From Deposits at Local banks

Interest From Deposits at Foreign Banks

Interest Income On NBE Bills and Bonds

Taxable Profit

Provision for Taxation@30%

Add: 5% On deposit at Foreign banks

	Birr	2015
Profit before tax	285,964,326	284,283,692
Add:		
Disallowed Expenditures(Expenditures deducted but should not have been deducted)		
Depreciation and amortization for accounting Purpose	69,894,743	37,997,916
Entertainment	522,244	749,865
Penalty	40,000	10,369
Donations	176,614	99,500
Sponsorships	-	730,000
Paid Up Capital Adjustment	-	-
	70,633,600	39,587,650
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	77,152,376	42,003,173
Exempt Incomes and Incomes taxed at source:		
Dividend Income	4,869,333	3,345,215
Interest From Deposits at Local banks	162,543	8,079,563
Interest From Deposits at Foreign Banks	45	17,342
Interest Income On NBE Bills and Bonds	67,498,307	43,530,889
	149,682,605	96,976,183
Taxable Profit	206,915,321	226,895,160
Provision for Taxation@30%	62,074,596	68,068,548
Add: 5% On deposit at Foreign banks	2	867
	62,074,599	68,069,415

22 Provision for Profit Tax

Balance Brought Forward

Profit Tax Paid During the year

Current Year Provision for Profit Tax

Withholding Tax Paid

Balance Carried Forward

	Birr	2015
Balance Brought Forward	67,943,813	51,619,034
Profit Tax Paid During the year	(67,943,813)	(51,619,034)
Current Year Provision for Profit Tax	62,074,599	68,069,415
Withholding Tax Paid	(130,614)	(125,602)
Balance Carried Forward	61,943,985	67,943,813





Oromia International Bank S.C. Notes to the Accounts-Conventional Banking For the Year Ended 30 June 2016

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	24,653,870	156,244,210	8,165,326	190,588,406
Fixed Assets Transferred to Expenses at their book Value	-	1,121,028	(1,128,222)	-	(7,194)
Current Year Additions	267,834,489	21,018,966	100,731,027	-	389,584,481
Depreciation Base at end of the Year	269,359,489	46,793,864	255,847,015	8,165,326	580,165,694
Depreciation @5%,25%, 20% and 10%	(13,467,974)	(11,698,466)	(51,169,403)	(816,533)	(77,152,376)
Depreciation Base Carried Forward	269,359,489	46,793,864	255,847,015	8,165,326.00	580,165,694

24 Deferred Tax Asset/Liability	Birr	2015
Depreciation and amortization Computed for Reporting Purpose	67,386,040	37,997,916
Depreciation and amortization Computed for Tax Purpose	(77,152,376)	(42,003,173)
Temporary difference	(9,766,336)	(4,005,257)
Differed Tax asset / Liability @30%	(2,929,901)	(1,201,577)
Balance brought forward	128,631	1,330,208
Balance carried forward	(2,801,270)	128,631

25 Earning per Share

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

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





Oromia International Bank S.C.
Notes to the Accounts-Conventional Banking
For the Year Ended 30 June 2016

27 Commitments and Contingent Liabilities

Guarantees Issued and Outstanding
 Commitments on Letter of Credit net of Margin Paid
 Liability on acceptance of Letter of credit
 TCG Issued and Outstandings
 Loan Approved but not Disbursed
 Unutilized overdraft and other facility

	Birr	2015
Guarantees Issued and Outstanding	550,870,326	364,339,050
Commitments on Letter of Credit net of Margin Paid	256,673,798	137,318,085
Liability on acceptance of Letter of credit	2,766,273	2,766,273
TCG Issued and Outstandings	24,650,000	-
Loan Approved but not Disbursed	241,666,397	348,723,712
Unutilized overdraft and other facility	568,565,959	664,652,533
	1,645,192,754	1,517,799,653

28 Memorandum Account

Interest on non-performing loans
 Money bags
 Outward bills for collections-sight
 Outward bills for collections-other Banks
 Inward bills for collection-sight
 Inward bills for collection Acceptance

	Birr	2015
Interest on non-performing loans	15,493,368	11,212,178
Money bags	7,849	4,471
Outward bills for collections-sight	14,314,431	9,793,232
Outward bills for collections-other Banks	(236,360)	-
Inward bills for collection-sight	16,128,777	38,350,541
Inward bills for collection Acceptance	1,069,773	-
	46,777,839	59,360,422





**Oromia International bank S.C.
Balance Sheet- Interest Free Banking
As At 30 June 2016**

	Notes	Birr	2015
Assets			
Cash and Deposits	1	650,298,793	387,932,951
Other Assets	2	135,978,006	62,535,980
Interest Free Banking Financing	3	491,753,348	256,150,868
Correspondent Account with Head Office		-	81,979,825
Total Assets		1,278,030,147	788,599,624

Liabilities			
Customer Deposits	5	1,111,929,240	719,918,877
Arbun Held on Letter of Credit		3,045,962	1,913,117
Other Liabilities	6	123,973,410	63,860,198
Correspondent Account with Head Office	4	27,357,074	-
Profit Tax Payable	11	11,724,460	2,907,433
Total Liabilities		1,278,030,147	788,599,624




Abera Tola
Chairman of the Board of Directors




Abie Sano
President



**Oromia International bank S.C.
Income Statement-Interest Free Banking
For the Year Ended 30 June 2016**

Income	Notes	Birr	2015
Income from Financing		33,148,044	734,124
Commission Income	7	5,857,032	2,747,203
Service Charge	8	17,811,679	6,297,932
Other Income	9	199,028	67,410
		57,015,783	9,846,670
Expenses			
Profit Sharing on Unrestricted Mudharabah Investment		179,071	-
General and Administrative Expenses		5,838	1,223
Loss on foreign exchange Holding		661,513	154,004
Provision for IFB Financing		17,087,826	-
Total Expenses		17,934,248	155,227
Profit before Tax		39,081,534	9,691,443
Provision for Profit Tax	10	(11,724,460)	(2,907,433)
Profit after Tax		27,357,074	6,784,010
Transfer to Head Office Account		(27,357,074)	(6,784,010)
Net Profit After Tax		-	-



(Handwritten signature of Abera Tola)

Abera Tola
Chairman of the Board of Directors



(Handwritten signature of Abie Sano)

Abie Sano
President



**Oromia International bank S.C.
Cash Flow Statement-Interest Free Banking
For the Year Ended 30 June 2016**

	Birr	2015
Cash Flow From Operating Activities		
Net Profit for the year	39,081,534	9,691,443
Adjustment for:		
Transfer From Profit Account to Head Office Account	(27,357,074)	(6,784,010)
Provision for IFB Financing	17,087,826	-
Cash Flow From Operation before Changes in Working Capital	28,812,287	2,907,433
Decrease (Increase) in IFB Financing excluding provision	(252,690,306)	(242,522,899)
Decrease (Increase) in Other Assets	(73,442,027)	(59,299,342)
Decrease (Increase) in Head Office Account	-	18,137
Decrease (Increase) in Correspondent Account with Head Office	109,336,899	(32,379,944)
Increase (Decrease) in Deposits	392,010,364	544,949,118
Increase (Decrease) in Arbun Held on Letter of Credit	1,132,845	1,913,117
Increase (Decrease) in Other Liabilities	60,113,213	63,846,506
Cash Flow From Operation before Changes in Working Capital	236,460,987	276,524,693
Profit tax Paid	(2,907,433)	(1,505)
Net Cash Inflow from Operating Activities	262,365,841	279,430,621
Changes in Cash and Cash Equivalent	262,365,841	279,430,621
Cash and Cash Equivalent at the Beginning of the Year	387,932,951	108,502,331
Cash Balance at the end of the year	650,298,793	387,932,952



Abera Tola
 Chairman of the Board of Directors



Abie Sano
 President



Oromia International Bank S.C

Notes to the Accounts

For the Year Ended 30 June 2016

1 Cash and Deposits

Cash on Hand- Local Currency
Issue Account with NBE-IFB

Birr	2015
515,996,332	387,932,951
134,302,461	-
650,298,792.68	387,932,951

2 Other Assets

Profit Receivable from Murahabah Financing
Branch under Opening
Uncleared Effect -Local
Uncleared Effect -Foreign
Supplies Stock

Birr	2015
108,779,843	58,077,453
-	-
19,168,854	-
7,816,374	4,162,888
212,936	295,639
135,978,006	62,535,980

3 Murahabah Financing

Murahabah Financing-Agriculture
Murahabah Financing-Agriculture Merchandise
Murahabah Financing-Domestic Trade and Services
Murahabah Financing-Industry
Interest Free Export Facility (Quard)
Murahabah Financing-Import
Murahabah Financing-Construction
Murahabah Financing-Transport and Communication
Murahabah Financing-Hotel and Tourism

Birr	2015
22,724,706	1,056,180
7,205,515	-
123,284,212	38,560,175
66,707,608	29,923,114
80,427,939	60,831,885
80,990,939	54,028,154
27,933,150	1,751,360
87,393,801	70,000,000
12,173,304	-
508,841,174	256,150,868

Less: Provision for IFB Financing

(17,087,826)	-
491,753,348	256,150,868

4 Correspondent Account With Head Office

Correspondent Account
Transfer From Profit Account

Birr	2015
-	88,763,834
(27,357,074)	(6,784,010)
(27,357,074)	81,979,825





Oromia International Bank S.C

Notes to the Accounts

For the Year Ended 30 June 2016

5 Deposits

	Birr	2015
Amana Deposit-Private Sector	361,678,259	290,666,147
Amana Deposit-Public Agency and Enterprise	414,105	55,500
Amana Deposit-Co-operative and Association	4,187,838	1,066,753
Amana Deposit-Resident FCY Account (RFCY)	121,869	4,217,158
Amana Deposit-Non-Resident FCY Account (NRFY)	7,906,746	-
Amana Deposit-Diaspora Non Resident Foreign Currency Account	1,673	-
Amana Deposit-Foreign Currency Retention Account	3,704,045	-
Mudharaba-Private Sector	17,643,562	-
Wadi'ah-Private Sector	703,139,252	408,165,517
Wadi'ah-Public Agency And Enterprise	1,264,722	131,991
Wadi'ah-Microfinance Institution	50	-
Wadi'ah-Co-operative and Association	11,681,421	15,526,515
Wadi'ah -Labbaik Account	178,989	89,294
Wadi'ah-Provident Account-OIB Staffs	6,711	-
	1,111,929,240	719,918,877

6 Other liability

	Birr	2015
Withholding Tax payable	-	5,148
Stamp Duty Charge	1,820	7,519
Exchange Payable to NBE	665,933	766,306
Miscellaneous	224,781	4,590,500
Hamish Jiddiya Payable	13,926,487	145,995
Deferred Murahabah Profit	108,779,843	58,077,453
Charity Fund Payable	374,546	-
Uncleared Effect-Local	-	267,277
	123,973,410	63,860,198

7 Commission Income

	Birr	2015
Commission on Foreign Transactions	4,409,376	2,437,834
Commission on Letter of Guarantee	731,697	85,712
Commission-Local	253,150	96,213
CPOs and Cheque paid	10	45
OTCPs, TT's & ABB	462,799	127,400
	5,857,032	2,747,203





Oromia International Bank S.C
Notes to the Accounts
For the Year Ended 30 June 2016

8 Service Charges	Birr	2015
Service Charge-Local	446,245	153,996
Service Charge-Foreign	17,365,434	6,143,936
	17,811,679	6,297,932
9 Other Income	Birr	2015
Etimation, Inspection and Arrangment fee	160,200.00	61,800
Telephone, Postage and Money bag	5,186.11	1,779
Other Income-Miscellaneous	32,433	3,831
Cash Surplus	1,209	-
	199,028	67,410
10 Provision for Taxation	Birr	2015
Profit before tax	39,081,534	9,691,443
Taxable Profit	39,081,534	9,691,443
Provision for Taxation (at 30% tax rate)	11,724,460	2,907,433
11 Profit Tax Payable	Birr	2015
Opening Balance	2,907,433	1,505
Profit Tax Paid During the year	(2,907,433)	(1,505)
Current Year Provision for Profit Tax	11,724,460	2,907,433
	11,724,460	2,907,433
12 Commitments and Contingent Liabilities	Birr	2015
Guarantees Issued- Local	19,497,122	3,200,111
Outstanding Import L/C Account	30,122,456	22,285,348
Approved Murahabah but Not Financed	432,789,942	367,139,389
Undrawn Quard Balance	213,572,061	137,168,115
	695,981,582	529,792,963
13 Memorandum Accounts	Birr	2015
Inward Bills for Collection-sight	(8,342,479)	-
Outward Documentary Bills for collections-sight	35,496,705	-
	27,154,226	-



Oromia International Bank S.C

Notes to the Accounts

For the Year Ended 30 June 2016

Prior Disclosure for full IFRS adoption of Oromia International Bank S.C.

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

Following the financial reporting proclamation, Regulation No. 332/2014 was issued by the Council of Ministers and established the Accounting and Auditing Board of Ethiopia (AABE) by defining the powers and duties of the Board. Accordingly, the Accounting and Auditing Board of Ethiopia has prepared a road map for implementing IFRS in Ethiopia and instructed all reporting entities so as to implement the IFRS in line with the road map. Hence, to comply with the requirement, OIB has prepared implementation plan for IFRS in line with the road map as follows;

1. Preparation Plan

Ser. No	Major Activities	Time Table
1.	Determine the Scope of the Project and planning phase	November 01- December 31, 2016
2.	Designing and Building Phase	January 01- March 31, 2017
3.	Implementing and Reviewing Phase	April 01- June 30, 2017
4.	Preparing Interim IFRS compliant Financial Statements	July 01- September 30, 2017

2. At the time of designing and Building phase as per the schedule here above, the bank will identify the accounting treatments that are expected to have a great impact during the adoption time, quantified information about anticipated effects on the Financial Position and Performance of the bank ,changes in consolidation scope and others as per the requirement of IFRS.



Oromiyaa Inshuraans Kaapaanii W.A
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Oromia Insurance Company S.C



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Oromia Insurance Company S.C. is an innovative Company
that transacts all classes of insurance under one roof,
LIFE, NON-LIFE & MICROINSURANCE



OROMIA INTERNATIONAL BANK S.C



Head Office Organ Address

Head Office Departments Addresses				
No	Head Office Organ	Telephone	Fax	P.O. Box
1	President Office	011 557 20 01	011 557 20 00	27530/1000
2	Chief Operating Officer	011 557 20 05		27530/1000
3	V/P– Corporate Support	011 557 20 06	011 557 21 00	27530/1000
4	V/P–Credit and Int'l Banking	011 558 62 34	011 558 78 31	27530/1000
5	V/P – Branch Banking	011 557 21 03	011 557 20 66	27530/1000
6	V/P–Information Technology	011 558 99 23	011 558 56 19	27530/1000
7	International Banking Services	011 557 20 25/26/29	011 557 20 24	27530/1000
8	Operation & District Support	011557 20 65	011 557 20 69	27530/1000
9	Credit Management	011 557 20 18	011 557 20 17	27530/1000
10	Procurement and Facility Management	011 557 20 92/93/94/95	011 557 20 91	27530/1000
11	IT Security Office	011 558 64 93	011 557 20 42	27530/1000
12	IT Modernization Office	011 557 20 47	011 557 20 42	27530/1000
13	IT System Operations	011 557 20 38	011 557 20 42	27530/1000
14	Electronic Banking	011 558 90 98	011 558 56 19	27530/1000
15	Interest –Free Banking	011 557 20 70/72		27530/1000
16	Human Resources Management	011 557 20 51/53/55/56	011 557 20 50	27530/1000
17	Accounting and Treasury	011 557 20 78/80/81/82	011 557 20 76	27530/1000
18	Strategic Management and Business Development	011 557 21 13 / 15 /28	011 557 21 10	27530/1000
19	Internal Audit	011 557 21 02	011 557 21 08	27530/1000
20	Risk Management and Compliance	011 557 20 13/14/15	011 557 20 12	27530/1000
21	Legal Services	011 557 21 06/07	011 557 21 04	27530/1000
22	Board Secretary	0115 57 21 08/09	011 5 57 20 36	27530/1000

District Office Address				
No	Distric Offices	Telephone	Fax	P.O. Box
1	North-East Finfinne District	011 558 53 07/83	011 558 53 87	27530/1000
2	South-West Finfinne District	011 557 34 43/35 00	011 557 35 20	27530/1000
3	Adama District	022 211 03 37/72	022 211 03 55	2715
4	Shashemene District	046 211 03 53	046 211 03 54	
5	Nekemte District	057 660 61 09/899 95 33	057 660 51 07	453



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