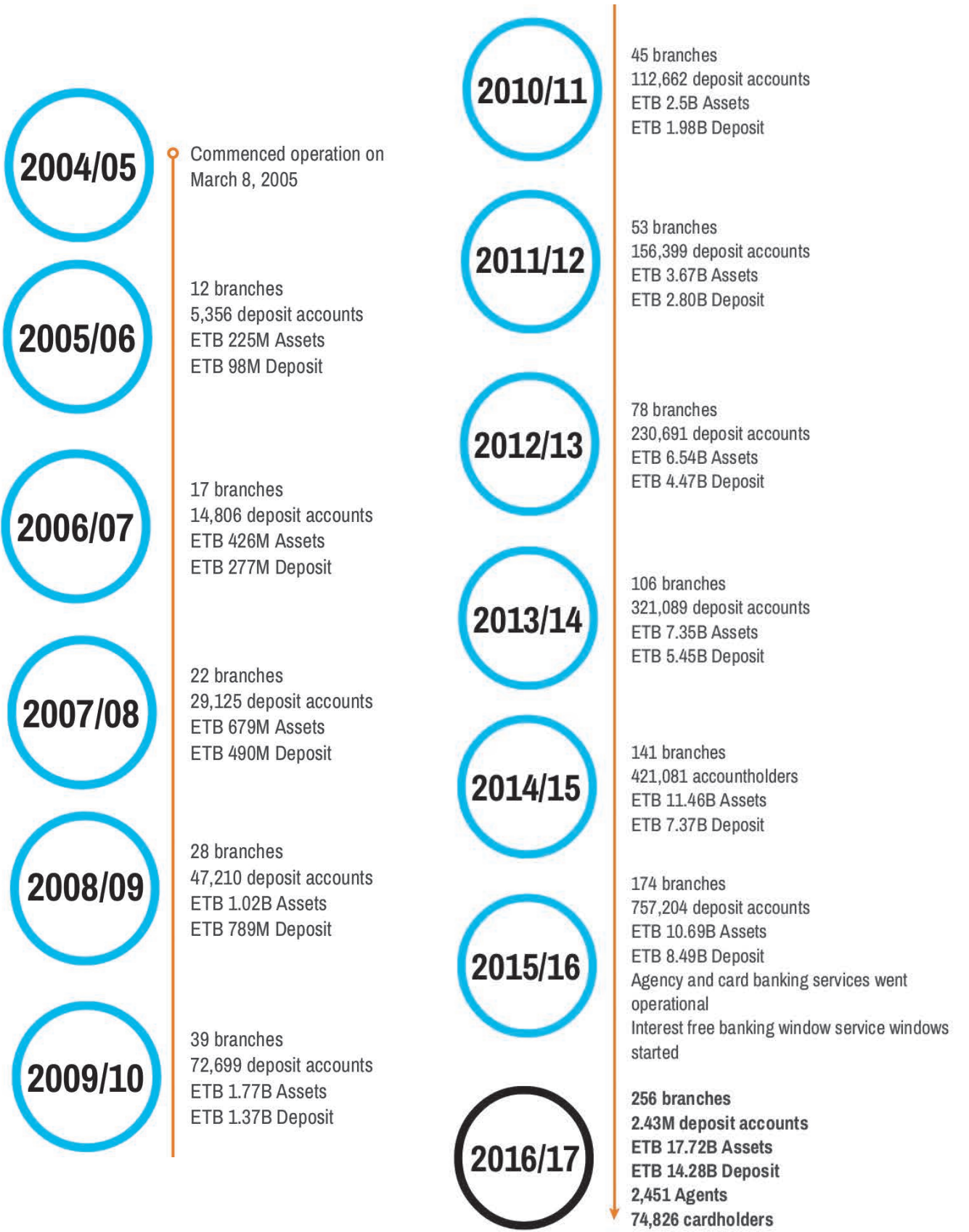


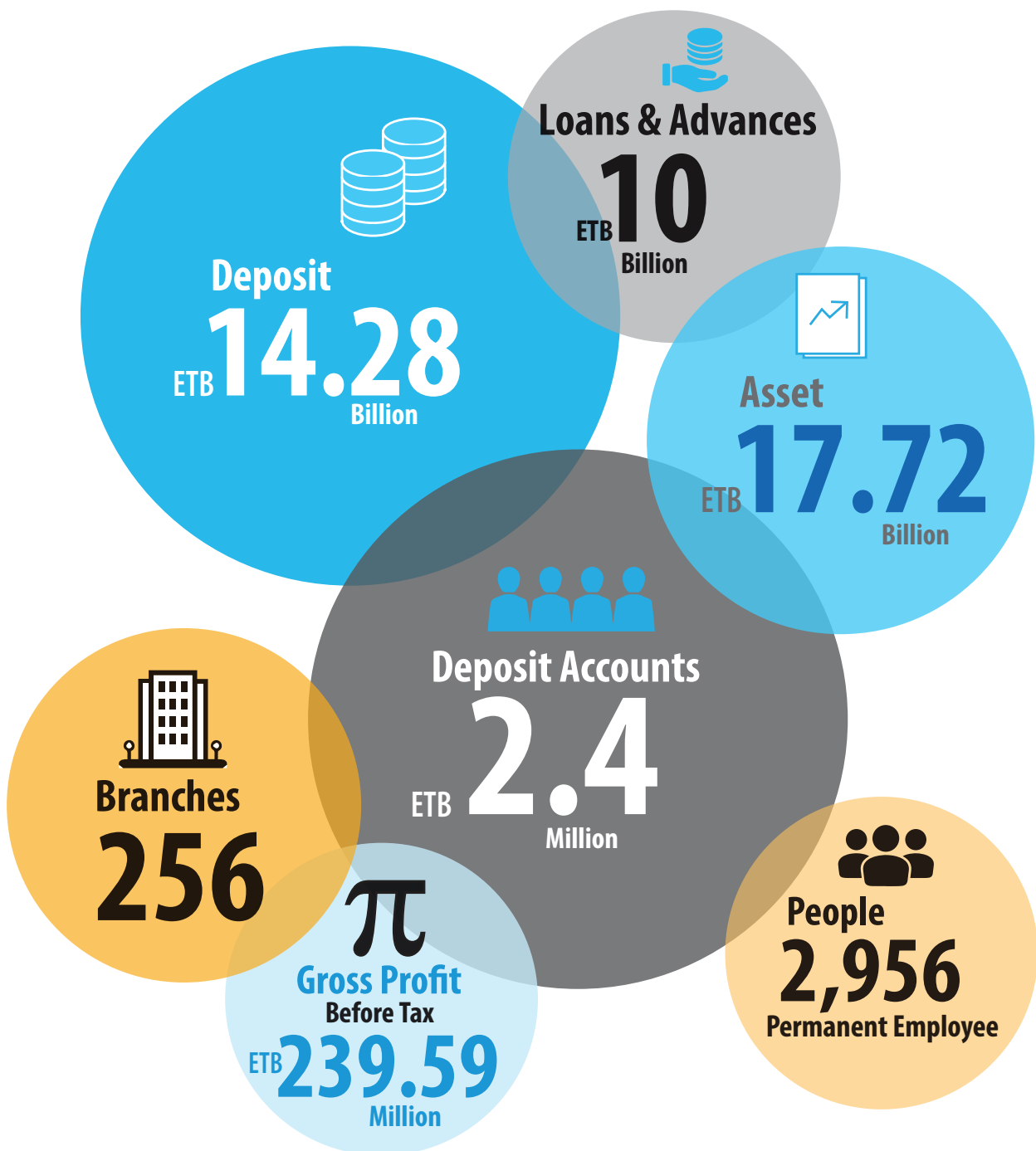
CBO Transitional Head Office Building Design





CBO's Dashboard

June 30, 2017



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Obbo Abera Hailu
Chairman Board of Directors

Board Chairman Letter

The year 2016/17 was a pivotal year for CBO as we made tangible progress in transforming the bank into stronger and sustainable level.

Esteemed Shareholders;

On behalf of the board of directors and myself, I feel honored to welcome you to our bank's 13th General Assembly of Shareholders.

Cooperative Bank of Oromia is working with sense of responsibility and commitment to meet the needs and expectations of its customers, shareholders and other stakeholders. In pursuit of addressing these, the bank has registered remarkable achievements that would help it as a foundation for more successes to come. Performances achieved came into effect by overcoming challenges and problems in economic and environmental conditions of both global and national nature.

The dynamism in global market conditions, dwindling export performance of the country, resource demand and supply mismatch, problems that arose relating to correspondent bank accounts, natural calamity like drought and some other factors that affected the daily lives of many

people were some of the major economic and environmental conditions within which the bank was operating.

With this brief remark, I would like to highlight some of the major situations within which the bank has been operating in the 2016/17 fiscal year.

The global economy, according to IMF estimate, grew by 3.1% in 2016 and is projected to grow by 3.4% in 2017. Accordingly, stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all positive developments. Whereas, growth momentum in sub-Saharan Africa remains fragile, as 2016 was a tough year for many countries, with regional growth dropping to 1.4% — the lowest level of growth in more than two decades. Yet, a modest recovery in growth of about 2.6% is expected in 2017, but this falls short of past trends and is too low to put sub-Saharan Africa back on a path of rising living standards.

Ethiopian economy continued to grow; and for upcoming years as well, investments in infrastructure; on-going reforms to spur industrialization, such as the development of industrial parks; and continued progression in services are expected to lead growth.

The global and local environmental conditions briefly presented above, however, accommodate various business opportunities and challenges for Cooperative Bank of Oromia. The challenges posed by these factors such as shortage of foreign currency, decline in global market price for agricultural commodities and others undoubtedly had implications on the performance of the bank to a certain extent. Yet, with committed and coordinated effort of the Board of Directors, the management and staff, promising works have been done to lay strong springboard for the bank. The year 2016/17 was, therefore, a pivotal year for CBO as we made tangible progress in transforming the bank into stronger and sustainable level.

In line with this, some of the year's major achievement records of the bank are highlighted below;

- Strategic plan of the bank was revisited for the coming three years (FY 2017/18-2019/20) in a way that enables it to exploit its unique opportunities and place it at a strategic position in the banking industry of the country;
- Validation and redefinition of corporate identity, MVVs (mission, Vision and Core Values) of the bank has been made to take leap;
- A long outstanding problem of the bank relating to poor CORE Banking system has been resolved by acquiring and implementing one of the modern

banking technologies in the market – T24;

- Significant work has been done to recruit potential candidates for building transitional headquarters of the bank with construction to kickoff soon;
- Encouraging performance was registered in operational areas like resource mobilization, customer base expansion, increasing accessibility, NPL reduction to a manageable level; discharging Corporate Social responsibilities and the likes;
- The bank has registered an encouraging performance in profit as its EPS (earning per share) has improved to 22% in the year under review from 4% in the past fiscal year after covering a rolled over provision.

To further strengthen the performance of the bank and enhance shareholders' value, the bank will work in the upcoming fiscal years emphasizing on building the bank's capacity around Information System, Human Resources management, construction projects (particularly Transitional Head Office) and strengthening relationship with and support to all stakeholders.

I take this opportune moment to thank our respected shareholders, customers and all other stakeholders for their trust and support. I also, once again, want to extend my gratitude to the management team and the entire staff of the bank for their dedication and unreserved efforts towards the achievements of the year.

Regards,

Abera Hailu



Chairman, Board of Directors



Obbo Deribe Asfaw
President

Remark of the President

The bank's performance in the year was achieved whilst it is investing heavily in forthcoming growth strategies that will merit a sustainable return over the longer-term to its shareholders and other stakeholders.

Dear Shareholders,

I am pleased to introduce CBO's 2016/17 Corporate Performance. The FY 2016/17 was another year marked by further reinforcement of international as well as national economies. According to reports, the Ethiopian economy has witnessed economic growth fueled by substantial public infrastructure investment and a conducive external environment; and services and agriculture sectors were the main contributors to this accelerated growth. Some challenges to the economy and banking industry were the La Nina phenomenon and a poor Indian Ocean dipole, causing a continuing drought in the given year.

Leap retail, let me briefly describe results of the bank by providing a few statistics for a look back over the fiscal year 2016/17.

- The total asset of the bank grew by 66% from its previous year's position of ETB 10.69 Billion to reach ETB 17.72 Billion as at June 30, 2017.
- The total outstanding loans and advances totaled about ETB 10 billion. Similarly, in the year, non-performing loans were maintained closer to regulatory standard.
- Customer deposits continued to be a strategic priority for the Bank,

which increased by 68% from the preceding fiscal year to reach ETB 14.28 billion at the end of 2016/17.

- Operating income of the bank increased by 41.45% to ETB 1.53 billion from ETB 1.08 billion in previous year, whereas total expenses increased by 23.46% from the last budget year. Accordingly, profit before tax for the year ended 30 June 2017 was ETB 239.59 million.

Apart from financial results, the bank has shown considerable improvements in non-financial metrics. Accordingly, this year has seen the largest growth in the bank's customer base as 1.67 million new accounts were opened, raising total number of deposit accounts to 2.43 million at the end of June 2017. Likewise, to better serve its customers and expand its footprint to new markets, the bank opened 82 branches and 14 sub-branches in the year which puts the total number of its branch outlets to 256 branches and 24 sub-branches.

To deliver a better customer value and bring operational excellence, CBO made investment in banking technology for which T24 core banking solution, a Switzerland-based technology that is serving over 2,000 financial institutions across the world, was acquired and implemented.

Strategy revisit, which partly include brand validation, revision of MVVs (mission, vision and values), crafting strategic themes, developing strategic objectives, and setting new strategic goals, objectives, targets and initiatives, marked another major milestone accomplished in the fiscal year.

CBO is going through a major transition as critical progress was made in the year, putting in place the foundations for sustainable medium and long-term success. The journey is unfinished, with major cultural change well in train but still requiring time to be fully entrenched. The bank's performance was, thus, achieved whilst it is investing heavily in forthcoming growth strategies that it believes will merit a sustainable return over the longer-term to its shareholders, other stakeholders and the community at large.

Finally, on behalf of the management, I want to extend my gratitude to our valued customers – for trusting us and choosing being part of our family; our shareholders and NBE for their unwavering support; and our employees for their commitment, resilience and dedication to our Bank.

Best regards,



Deribie Asfaw
President

Mission, Vision and Values



Mission



We root our foundation in communities to provide banking solutions that create greater customer experience with emphasis to cooperatives and agro-based businesses through proper use of human resource and up-to-date technologies to maximize stakeholders' value.

Vision



To be the leading private bank in Ethiopia by 2025.

Values



- . Integrity
- . Customer Satisfaction
- . Learning Organization
- . Teamwork
- . Cost Consciousness
- . Concern for Community

Board of Directors



Obbo Abera Hailu
Chairman Board of Directors



Obbo Belachew Hurrissa
Deputy Chairman Board of Directors



Addee Adanech Abiebie
Director



Obbo Dagnachew Shiferaw
Director



Obbo Dejene Hirpa
Director



Addee Meskerem Debebe
Director



Dr. Mulugeta Debebe
Director



Obbo Oumar Wabe
Director



Obbo Shumi Bulesa
Director



Obbo Teshome Negusie
Director



Obbo Tilahun Tadesse
Director



Obbo Teshome Argetta
Board Secretary

Executive Management



Obbo Deribie Asfaw
President



Obbo Ahmed Hassen
V/P Finance & Trade Services



Obbo Aman Semir
V/P Information System



Obbo Desalegn Tadesse
Senior Director, Operations Management



Obbo Gemmeda Mi'essa
Chief Officer, Risk & Compliance



Obbo Liko Tolessa
Director, Strategy & Change Management



Obbo Tafesse Fana
Chief Officer, Internal Audit

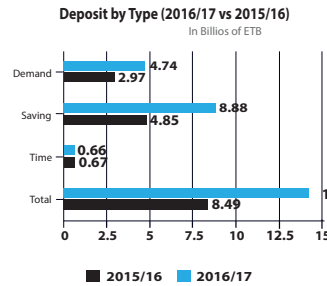
Financial Performance

Deposit

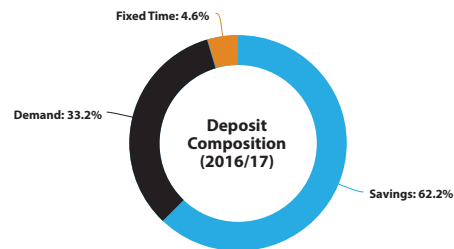
Deposit volume increased by 68.19% reaching ETB 14.28 billion as at end of June 2017 compared to ETB 8.49 billion in the end of last year. The continuous increment in deposit base reflects strong trust and confidence of depositors towards the bank.

In addition, CBO's deposit book has grown consistently as number of accounts have grown and its accessibility has expanded. Portfolio wise, saving deposit shown robust growth of 83.25%, demand deposit grew by 59.59%, and fixed time deposit dropped by 2.3% compared to last year same period.

During the period, the bank managed to sustain funding mix with costless deposit (demand-deposit) constituting 33.2% of the bank's total deposit. Saving deposit shares 62.2% of total deposit during 2017/18 fiscal year.

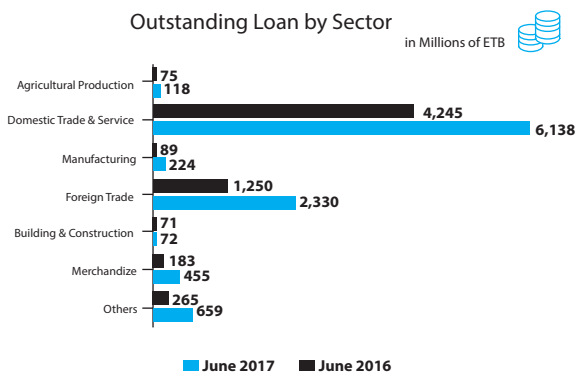
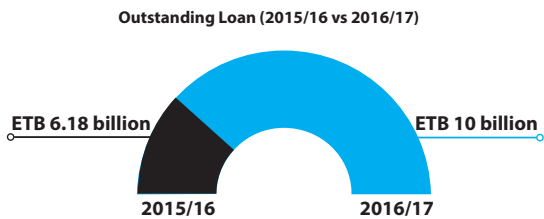


Customers' deposit by ETB 5.8 billion from last fiscal year.



Credit Management

At the end of June 2017, the total loans and advances book totaled ETB 10.0 billion, registering a 61.91% (ETB 3.82 billion) growth from the last year's balance.



Of this, loans and advances to domestic trade and services (which includes working capital for coffee, cereals and grain businesses including loans to cooperative sector) comprised 61.43% of the balance, followed by loan for foreign trade (import and export) with a share of 23.29%. The product composition of loans and advances is illustrated in the adjacent figure.

On the other hand, the Non-Performing Loans (NPLs) of the bank has been contained closer to the acceptable range with NPL to total asset ratio of 2.88%, and NPL to total loan of 5.1%.

Some of Businesses Financed by CBO



Agri-Business



Agri-products Marketing



Manufacturing

Trade Services

International banking (trade services) continued to be a key area of the bank's operation. During the fiscal year 2016/17, the bank's foreign currency earning was USD 189.13 million 26.5% decline from preceding year, mainly attributed to challenges in FCY inflow (export, remittance and cash) to Ethiopia.

Foreign Currency Inflow by Source

In Millions of USD

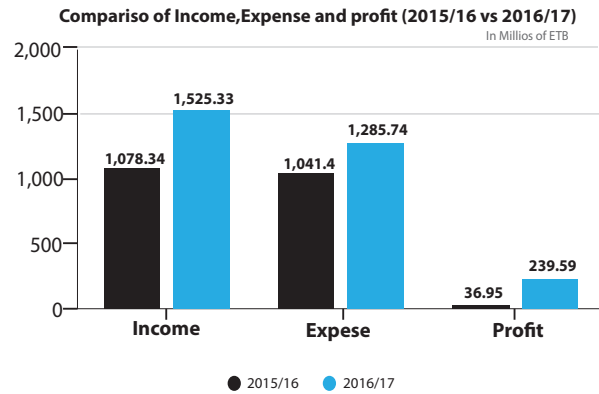
Category	2016/17	2015/16	Change
Export	134.21	165.38	(31.17)
Remittance	47.63	38.2	9.43
Others	7.3	62.08	(54.78)
Total	189.13	265.66	76.53)

The total income earned from trade service activity sums ETB 291.9 million, which constitutes 19.14% of the overall income of the bank within the fiscal year.

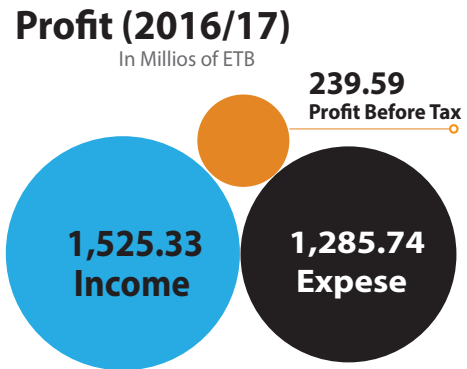


Profit

CBO's total revenue has grown by 41.45% for the reporting period to reach ETB 1.53 billion which was mainly driven by growth of interest earning assets/ loans. Whereas, operating expenses increased by 23.46 % to ETB 1.29 billion. Core expense growth was driven by general expense (34.22% share), salaries and benefits expense (32.30% share), and interest expense (26.15% share). As a result, the expense-to-income ratio was 84.29% in 2016/17, improved from 96.57% in previous year. The adjacent graph illustrates income and expense accounts;



Gross profit before tax for the year ended 30 June 2017, is therefore, ETB 239.59 Million. Accordingly, after covering the rolled over provision, earning per share (EPS) of the bank has reached ETB 22 for an invested ETB 100, from ETB 4 on the prior year.



Non-Financial Performance

Branch Expansion

The bank continued to enhance its accessibility, which remains an integral part of the bank's strategy for tapping financial resources, lending to various segments, and promoting financial inclusion.

During the year under review, the bank opened 82 new branches, an increment of about 47% from last year same period,

taking the total number of branch network to 256 as of 30th June 2017. Out of the branches opened during the fiscal year, 70 branches were opened in outlying areas (semi-urban and rural areas) and 12 branches were opened in Finfinne city.

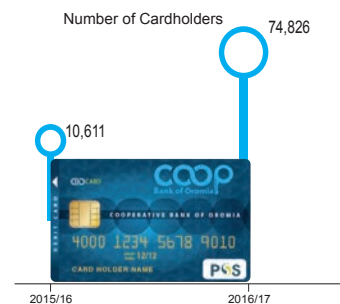
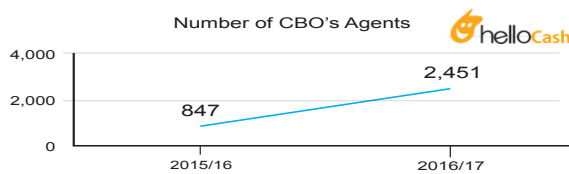
1	Awash Melkasa	29	Aleltu	57	Qeto Machara
2	Awash Sebat Kilo	30	Bole Bulbula	58	Sibu Sire
3	Bosat	31	Eka Abado	59	Ukke
4	Bote	32	Haile Gebre	60	Agarfa
5	chilalo	33	Kara qallu	61	Awasho
6	Dodota	34	Lume	62	Dollo mana
7	Ela Bala	35	Sadan Ekka	63	Goro
8	Gololcha	36	Shenen Jida	64	harana bulluq
9	Karayu	37	Alge Sachi	65	Harufa
10	kulla	38	Anfillo	66	Mada Walabu
11	Negelle Arba Gugu	39	Asandabo	67	Qarca Branch
12	Qurqura	40	Begi	68	Qore
13	Ticho	41	Chanqa Birbir	69	Warqa
14	Bakannisa	42	Dambi	70	Ada barga
15	Chalchali	43	Darimu	71	Dawo
16	Dolo Bidena	44	Ganji	72	Ejere
17	Sulula Garbi	45	Gera Branch	73	Guje
18	Tullu Ejersa	46	Hababo Guduru	74	Ilu Gelan
19	AW Abadir	47	Jimma Arjo	75	Jahan Ameya
20	Badano	48	Jimma Rare	76	Meta Walkite
21	Boke Xiqo	49	Jiren	77	Midakegni
22	Chalanqo	50	Kiltu Karra	78	Mulo

23	Chinaksen	51	Leka Dulacha	79	Nonno
24	Gode	52	Limu Saqqa	80	Shararo
25	Kali	53	Mandi	81	soddo Dachi
26	Laga Oda	54	Muka Arara	82	Warra Jarso
27	Melka Ballo	55	Nunu Kumba		
28	Abebie Tufa	56	Oda Karra		

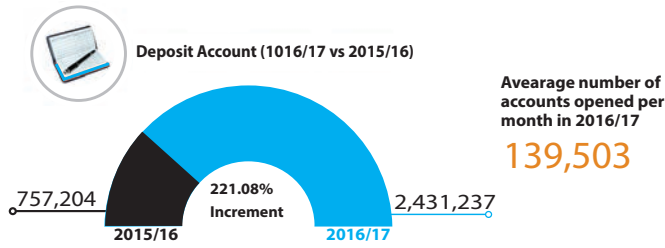
Agency and Card Banking

During the fiscal year, 1,604 new agents were recruited showing a growth of 189.37% as compared to preceding year that increased the number of agents to

2,451. Besides, 64,215 new card holders were registered for card banking during the year that position cardholders to 74,826 customers.



Customer Base Expansion



On June 30, 2017, the bank had a total of 2.4 million deposit accounts, registering a substantial growth of over 221.08% from last year same period. In other words, 1.7 million additional new accounts were opened within the year. The fact that most of the newly opened deposit accounts are saving accounts is a clear indication of the bank's effort in marketing and relationship.

Human Resources Management

Our employees are important assets to the bank and are essential to accomplish vision set by the bank. In view of that, the bank remained focused on skills development by creating a learning culture, and pulling talents to support its growing business. CBO had 2,956 permanent employees at year-end, an increase of 670 employees (29.31%) compared to a year ago.



Strategy Review Workshop

Furthermore, to improve the employees' knowledge, qualification and skills, wide-ranging work has been done in learning and development. On top of this, the bank has provided tailored trainings across different levels and functions to enable its workforce to obtain the required knowledge, skills and industry insights that help them become competent professionals. The training programs,

among others, aimed to increase customer experience, relationship management, and operational excellence. In the budget year, the ratio of trained staff to total employee has been 170.4%, which shows the bank's commitment to invest on its employees. Similarly, intensive workshop programs were held on change management, attitudinal change and teamwork.

Information Technology

Banks worldwide are in the process of transforming their IT to adapt to new market and industry drivers. IT has already become central to banking. It has moved from being just a business enabler to be a business driver. Therefore, as the bank increases its footprint, it has been firmly believed that our bank needed to explore new financial products and service options that will help gain competitive advantage by aligning technology to the business goals.

Hence, in the FY the bank has moved to replace its existing legacy systems with the Temenos T24 Version-16 Universal Suite. With Temenos comprehensive, front-to-back

digital banking solution, the bank will increase efficiency and provide an optimized customer experience across all of our market segments.

Moreover, the core banking renovation helped to overcome the challenges associated with the highly restrictive legacy system to serve our customers and become more agile in the marketplace and adopt international best practice. T24 is also playing a great role in increasing operational efficiency and bringing systems standardization from front-office to back-office. The new core banking solution is scalable, adaptable and process-centric.



Agreement Signed for Core Banking System with Temenos T24

Corporate Social Responsibility

Recognizing how important social responsibility is to its customers and stakeholders, CBO has given due attention to socio-cultural and environmental issues during the reporting period. CBO extended financial support for people affected by the El-Nino caused drought which particularly affected southern and south-eastern parts of the country. Hence, the bank donated 3,200 quintals of food items.

CBO also made a financial support for conducting establishment conference of the Ethiopian Coffee Science Society held in Jimma, an organization that contributes towards Ethiopian coffee development and promotion by soliciting scientific solution for the market problems of the industry.

This first conference accommodated professionals, experts, policy makers, private sectors and other actors in the coffee value-chain in the country.

Besides, in the initiatives that have been taken by different stakeholders to restore the Gada System in different parts, the bank has supported the process in different levels. To take part in preservation of the system, CBO made financial support to North Shawa Zone Culture and Tourism Office on the celebration of 1st anniversary of the restoration of Gada System of North Shawa Zone at Fiche town. Generally, the bank has been involved in other social and environmental issues.



Donation for drought victims

Strategic Achievements

The year under review has been the spring board where major milestones and future directions of the bank have been sought. In the year, major assessments have been conducted to determine validation of corporate identity, revisit of MVVs (Mission, Vision and Core Values), and draw strategic roadmap of the bank in the context of dynamic business and economic environments.

The bank has radically renovated its corporate identity (logo, corporate color, motto, and other identities) to rebrand and position itself in the market. MVVs of the bank were redefined and new direction has been envisioned as “to be the leading private bank in Ethiopia by 2025”. The bank’s strategic priorities were also drawn and boiled down to three strategic themes or pillars which are further drilled down to strategic objectives, targets and initiatives to be met at the end of three years strategic period of year 2020.

INTEREST FREE BANKING

Sharia Advisory Committee



*Shaikh Salih Nur Ahmed
Chairman*



*Shaikh Mukhtar Khedir M. Alfaqih
Member*



*Shaikh Aman Hussien Kabeto
Member*



*Shaikh Alfadil Ali Mustefa
Member*

CBO established Shariah Advisory Committee (SAC), after approval by the Bank's Board of Directors in the Fiscal Year. After reviewing the necessary documents, the SAC immediately approved the main products and services that complied with the Shariah.

We congratulate all Ethiopians who are interested in Interest Free Banking Services (IFBS) in general and particularly our customers who are using our IFBS.

The IFBS has shown moderate progress and looking forward to achieving better results in the years ahead. All transactions during the period are in accordance to Shariah. The SAC will look after any transaction violations from Shariah and

report same to the Board of Directors with proper guidance and remedial action.

The SAC members travelled with the bank's management extensively to introduce the interest free banking services into various parts of the country and met religious leaders and discussed over the products.

The SAC is very thankful for the bank's management and the staff, with special gratitude to the bank's President.

In our opinion, the bank's Interest Free Banking Services ending June 2017 were Shariah compliant.

Sincerely,
The Shariah Advisory Committee.

Shaikh Saleh Nur Ahmed



Shaikh Aman Hussien



Shaikh Mukhtar Khedir Al-Faqih



Shaikh Alfadil Ali Mustefa

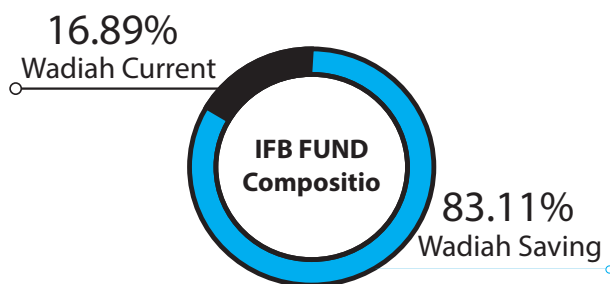


The bank has started sharia-compliant banking or interest free banking windows based on NBE directives SBB/51/2011 to address the financial services in the economy. The bank has launched and executed various targets and initiatives to mobilize funds and strengthening of financing businesses. Detail audited financial statement of Interest Free Banking (IFB) is presented in Auditor’s Report.

IFB Deposit

As of June 30, 2017, total IFB deposit position stood at ETB 478.49 million or showed a growth of ETB 397.76 or 495.69% as compared to the preceding year.

Wadiah Saving constitutes the largest share of 83.11%, followed by Wadiah current which is 16.89%.



IFB Financing

IFB financing has been launched in the year 2017/18 in the bank. A total of ETB 22.59 million has been disbursed. The demand of IFB financing has also been assessed to deepen financing of the economy in a broad spectrum.

IFB Customer Base

During the review period, the bank exhibited a growth of 205,259 in IFB new customer accounts opening as compared to 14,331 customer accounts during the beginning year of IFB window service. Thus, the aggregate customer base position of IFB banking window reached at 219,590 at the end of June 2017.



Awareness Creation Campaign

Other IFB Activities

At the core of launching interest free banking window service, appointment of Sharia Advisory committee was fundamentally the milestone performed during the year. Sharia Advisory Committee (SAC) consisting of four members have been appointed with proven knowledge and skill of Sharia law and Islamic finance.

Besides, various capacity building activities were also undertaken including but not limited to putting in place of sharia-compliant business

policies and procedures, train human resources in more than 10 round sessions, rendering of management development training by inviting sharia-scholars from abroad, and rolling out of IFB windows in almost all branches of the bank. Besides, mass marketing campaign is under preparation which will enhance public awareness and the utilization of interest free banking services.

Audit Report

TAY

TAY

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS**

OF

COOPERATIVE BANK OF OROMIA S.CO

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

TAY & Co.

Chartered Certified Accountants & Authorized Auditors

Addis Ababa, Ethiopia

Tel. 251-11-442-1336 Fax 251-11-442-1338 E-mail: tayco@ethionet.et

P.O.Box 1335 Addis Ababa, Ethiopia

Ethio-china Friendship Street Wongelawit Tadesse Building 1st Floor

Website: www.tayauditing.com



TAY & Co.

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

Report on the financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis of Qualified Opinion

- 1) The net balance of Claims on Head Office and Branches (Local) accounts as at the yearend shows a net debit balance of Birr 46,953,402.09 reported under other assets representing net balance of claims by branches from Head office Birr 33,525,642.72 and claims by Head Office from branches Birr 13,427,759.37 for transactions effected and for which the other counter parties did not respond. Out of these balances Birr 18,929,536.77 and Birr 6,701,645.06 respectively were not cleared till date of our report. Moreover, the outstanding claims of branches from head office consists of Birr 10,930,132.26 which is result of defaulted Outward Documentary Bills Purchased for which mortgage contract was signed on Miazia 01,2005 to register collateral with value of Birr 3,237,335.
- 2) LC with value of Birr 4,500,835.69 have been settled without collecting money from the customer account, NORC Agro & Industrial Complex PLC and have been long outstanding. The balance including interest has reached to Birr 7,976,590.63 and reported under advance against import bills.
- 3) Total balances of Birr 210,528,523.95 have been deducted from various correspondent accounts of the bank and have been long outstanding for over 90 days as at the year end. Out of the stated balance, Birr 50,059,935.20 was not settled till date of our report.



Qualified Opinion

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

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

Emphasis of Matters paragraph

Without qualifying our opinion in this respect, we draw attention to the cumulative provision balance on suspense accounts of Birr 414,316,550 stated under note number 5 of the financial statement out of which net Birr 93,656,648.28 is an increase in provision during this financial year. The additional provision is mainly a result of Birr 112,420,605.48 fraudulently paid to individuals against Claims on Head Office account till 21 October 2015.


TAY & C
Chartered Certified Accountants and
Authorized Auditors



Addis Ababa
September 12, 2017

Cooperative Bank of Oromia S.C

Consolidated Balance Sheet

As At 30 June 2017

	Notes	Birr	2016
Assets			
Cash and Bank Deposits	3	2,721,973,663	2,133,870,835
Fixed Time Deposit	4	764,999,895	55,995,551
Other Assets	5	698,326,977	514,390,336
Loans and Advances (net)	2(d), 6	9,679,602,793	5,851,657,783
Interest Free Banking Financing		22,590,000	-
Investment in NBE Bills and Bonds	7.2	3,299,727,000	1,775,521,720
Government Saving Bond		5,150,000	5,150,000
Property, Plant and Equipment	2(c), 10	387,262,982	246,739,301
Acquired Properties	9	78,047,274	34,711,256
Leasehold Land	11	540,896	549,310
Deferred Tax Assets		-	3,012,763
Deferred Charges (net)	8	12,599,092	13,568,253
Investments in Shares	7.1	53,420,000	52,181,000
		17,724,240,571	10,687,348,107
Liabilities			
Customer Deposits	12	14,276,793,926	8,488,327,234
Margin Held On Letter Of Credit		559,537,859	455,213,840
Other Liabilities	13	843,189,350	522,860,498
Deferred Tax Liabilities	29	1,229,601	-
Borrowing from NBE		499,017,316	-
Profit Tax Payable	27	27,422,407	-
Total Liabilities		16,207,190,458	9,466,401,571
Capital			
Paid up Capital	14	1,000,000,000	910,731,547
Donated Capital	15	3,931,539	3,931,539
Share Premium		8,672,001	8,672,001
Legal Reserve	16	321,049,640	269,094,409
Retained Earnings		183,396,934	28,517,039
Total Capital		1,517,050,113	1,220,946,535
Total Liabilities and Capital		17,724,240,571	10,687,348,107

Abera Hailu

Chairman of the Board of Directors

Deribe Asfaw
President



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

Income	Notes	Birr	2016
Interest	17	1,116,611,289	823,669,491
Income From Murahabah Financing		491,099	-
Commission Income	18	129,901,991	70,416,269
Service Charges	19	174,892,351	111,421,462
Gain (Loss) on Foreign Currency	21	76,799,965	59,406,365
Other Income	20	26,637,223	13,430,350
		1,525,333,920	1,078,343,937
Expenses			
General Expenses	23	439,924,701	283,994,189
Interest Expenses	24	336,244,552	228,893,485
Salaries & Benefits	25	415,328,527	189,276,040
Provision for Loans & Advances	2(d)	-	153,370,000
Provision for Other Assets		93,656,648	181,193,372
Audit Fee		183,515.00	201,829
Board Allowance	26	250,000.00	-
Loss on Foreign Currency and Other Charges	22	156,595	4,470,016
Total Expenses		1,285,744,538	1,041,398,931
Profit before Tax		239,589,382	36,945,006
Provision for Profit Tax	27	(27,526,404)	(9,446)
Deferred Tax Assets/Liabilities	29	(4,242,364)	2,181,170
Profit after Tax		207,820,614	39,116,730
Transfer to Legal Reserve		(51,955,154)	(9,779,183)
Net Profit after Tax & Legal Reserve		155,865,461	29,337,548
Directors' Share on Profit	26	(985,800)	(550,000)
Retained Earning for the Year		154,879,661	28,787,548
Earning per Share of Birr 100	30	22	4

Abera Hailu

Chairman of the Board of Directors


Deribe Asfaw
 President

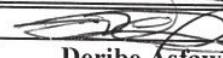


Cooperative Bank of Oromia S.C

Consolidated Cash Flow Statement For the Year Ended 30 June 2017

	Birr	2016
Cash Flow From Operating Activities		
Net Profit for the year	239,589,382	36,945,006
Adjustment for:		
Depreciation and Amortization	66,985,433	51,390,752
Provision for Doubtful Loans & Advances	(3,800,000)	153,370,000
Other Provision	93,656,648	181,193,372
Paid up capital adjustment	311	(450,000)
Dividend income	-	-
Fixed assets and adjustment	1,024	3,565,282
Effect of exchange rate fluctuation and Forex dealing	(75,099,074)	(53,977,449)
Cash Flow From Operation before Changes in Working	321,333,725	372,036,964
Decrease (Increase) in Loans & Advances excluding provision	(3,824,145,010)	561,013,092
Decrease (Increase) in IFB Financing excluding provision	(22,590,000)	-
Decrease (Increase) in Other Assets	(277,593,290)	(32,278,198)
Decrease (Increase) in Acquired Properties	(43,336,018)	787,941
Increase (Decrease) in Deposits	5,788,466,692	1,120,322,528
Increase (Decrease) in Margin Held Account	104,324,019	155,770,757
Increase (Decrease) in Other Liabilities	320,328,852	(1,860,144,275)
Cash Flow From Operation before Changes in	2,366,788,971	317,508,809
Profit tax Paid	-	(169,096,158)
Withholding Tax Paid	(103,997)	(9,446)
Net Cash Inflow from Operating Activities	2,366,684,974	148,403,205
Cash Flow From Investing Activities		
Borrowing from NBE	499,017,316	-
Purchase of Fixed Assets	(206,532,564)	(104,188,197)
Investment in deferred charges	-	(14,537,414)
Investment in Government saving bond	-	(150,000)
Fixed time deposit with Other Bank	(709,004,344)	57,966,895
Investment in NBE Bills	(1,524,205,280)	(270,338,428)
Investment in other companies shares	(1,239,000)	-
Net Cash Outflow from Investing Activities	(1,941,963,871)	(331,247,144)
Cash Flow From Financing Activities		
Dividend paid in cash	-	(59,688,509)
Directors share on profit paid	(985,800)	(550,000)
Share capital collected net dividend capitalized	89,268,453	-
Share premium Collected	-	-
Cash Flow from Financing Activities	88,282,653	(60,238,509)
Effect of exchange rate fluctuation & FOREX dealing	75,099,074	53,977,449
Changes in Cash and Cash Equivalents	588,102,827	(189,105,000)
Cash and Cash Equivalent at the Beginning of the Year	2,133,870,835	2,322,975,836
Cash Balance at end of the year	2,721,973,663	2,133,870,835


Abera Hailu
Chairman of the Board of Directors


Deribe Asfaw
President



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

Currency: Ethiopian Birr

	Share Capital	Share Premium	Donated Capital	Legal Reserve	Retained Earnings	Total Capital
Balance at 1 July 2015	864,848,200	8,672,001	3,931,539	259,315,226	274,143,754	1,410,910,720
Dividend Capitalized	45,883,347	-	-	-	(45,883,347)	-
Dividend in Cash	-	-	-	-	(228,080,915)	(228,080,915)
Prior period adjustment	-	-	-	-	(450,000)	(450,000)
Profit for the Year	-	-	-	-	39,116,730	(216,936,960)
Directors' Share on profit	-	-	-	-	(550,000)	(550,000)
Transfer to Legal Reserve	-	-	-	9,779,183	(9,779,183)	-
Balance at 30 June 2016	910,731,547	8,672,001	3,931,539	269,094,409	28,517,039	1,220,946,535
Balance at 1 July 2016	910,731,547	8,672,001	3,931,539	269,094,409	28,517,039	1,220,946,535
Prior Period Adjustment	-	-	-	77	234	311
Collection from Subscribed Shares	89,268,453	-	-	-	-	89,268,453
Profit for the Year	-	-	-	-	207,820,614	207,820,614
Directors' Share on profit	-	-	-	-	(985,800)	(985,800)
Transfer to Legal Reserve	-	-	-	51,955,154	(51,955,154)	-
Balance at 30 June 2017	1,000,000,000	8,672,001	3,931,539	321,049,640	183,396,934	1,517,050,113



Abera Hailu

Chairman of the Board of Directors





Deribe Asfaw

President



Cooperative Bank of Oromia S.C

Notes to the accounts

As At 30 June 2017

1 General Information

Cooperative Bank of Oromia share company is established in Addis Ababa as per the Commercial Code of Ethiopia 1960, and it was licensed by the National Bank of Ethiopia on October 29,2004 with the objective to engage in banking service in accordance with the Banking Business Proclamation number 592/2008 . The bank has started operation in March 2005.

2 Significant Accounting Policy

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting standards and the laws and regulation of Commercial Code of Ethiopia 1960. The principal accounting policies adopted by the Bank, which are consistent with those applied in the preceding year, are stated below:

- a Monetary items denominated in foreign currencies are retranslated at mid exchange rate ruling at the balance sheet dates. Mid 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
accessories	25

- d Loans and advances are stated at cost less provisions for bad debts. Provision for bad debts on outstanding loans and advances are determined based on the percentages dictated in NBE directive SBB/43/2008 .
- e Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

3 Cash and Bank Deposits

	Birr	2016
Cash on Hand- Local Currency	1,553,141,304	1,277,794,115
Cash on Hand- Foreign Currency	13,634,314	5,732,079
Reserve Account with NBE	730,000,000	440,443,489
Payment & Settlement Account with NBE	20,261,973	108,051,742
Issue Account with NBE	28,177,932	26,419,232
Deposit with Local Banks	58,302,291	43,802,391
Deposit with Foreign Banks	318,455,849	231,627,786
	2,721,973,663	2,133,870,835



Notes to the accounts
As At 30 June 2017

4 Fixed Time Deposit

	Birr	2016
Lion International Bank S.C.	50,000,000	-
Enate Bank S.C.	125,929,526	23,375,727.43
Debube Global Bank S.C.	-	32,619,823.17
Addis International Bank S.C.	39,070,369	-
NIB International Bank S.C	200,000,000	-
Bunna International Bank S.C.	50,000,000	-
Abay Bank Bank S.C.	100,000,000	-
Oromia International Bank S.C.	200,000,000	-
	764,999,895	55,995,551

5 Other Assets

	Birr	2016
Prepayments	261,874,517	174,011,692
Supplies Stock Account	41,748,829	20,883,100
Uncleared Effect - Foreign	258,552,562	182,479,256
Uncleared Effect - Local	104,393,495	87,438,506
Accrued Interest Receivables On NBE Bills	42,327,431	25,543,839
Accrued Receivables - Government Bond	611,482	303,279
Accrued Receivables - Other Domestic Banks	50,696,956	5,436,645
Accounts Receivable - Local	2,327,344	1,471,671
Staff Debtor	5,570	277,733
Miscellaneous-Local	33,169,492	36,129,912
Miscellaneous-Foreign	-	7,256
Fixed Assets in Store	17,122,011	11,702,094
Branch under Openings	11,028,869	13,171,266
Money Transfer Agents (MONTRAG)	6,494,440	10,086,238
ATM Settlement	3,441,070	3,071,181
Withholding Tax Receivables	1,922	1,921
Export Settlement Account	257,424,344	263,034,649
Profit Receivable on Financing and Investment	7,097,900	-
Advance Against Murabaha	3,059,190	-
Deposit Guarantee	11,266,103	-
	1,112,643,527	835,050,237
Less: Provisions of suspense Accounts	(414,316,550)	(320,659,901)
	698,326,977	514,390,336



Cooperative Bank of Oromia S.C

Notes to the accounts

As At 30 June 2017

6 Loans and Advances	Birr	2016
Agricultural Production Term Loan and Overdraft	118,024,732	75,419,548
Manufacturing Production Term Loan	224,121,078	88,912,262
Domestic Trade and Service Term Loan	5,120,868,939	3,387,960,408
Domestic Trade and Service Overdraft	1,023,476,139	857,198,012
Export Term Loans	425,887,692	398,520,054
Export Overdraft	165,719,191	132,912,921
Merchandise	455,239,492	182,467,411
Import Term Loan and Overdraft	61,947,065	21,271,611
Advance Against Export Bills	1,552,584,806	667,205,612
Advance Against Import Bills	123,466,617	29,969,743
Building and Construction	71,580,084	70,978,052
Personal Loans	658,546,959	264,502,149
	10,001,462,793	6,177,317,783
Less: Provision for Bad Loans & Advances	(321,860,000)	(325,660,000)
	9,679,602,793	5,851,657,783

7 Investments

7.1 Investments in Shares

	Birr	2016
Oromia Insurance Company S.C	12,500,000	11,261,000
Gutu Oromia Business S.C	3,500,000	3,500,000
Orologo Prefabricated PLC	15,000,000	15,000,000
Ethio Switch S.C	11,370,000	11,370,000
Elemtu Integrated Milk Industry S.C	5,000,000	5,000,000
Premiere Switch Solution (PSS)	4,800,000	4,800,000
Bomjoj Meat Processing and Export S.C	1,250,000	1,250,000
	53,420,000	52,181,000

7.2 Investment in NBE Bills

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

8 Deferred Charges

	Balance as at 30/06/2016 Birr	Additions Birr	Balance as at 30/06/2017 Birr
Cost			
Establishment Cost	851,058	-	851,058
Software New-OMNI	14,537,414	-	14,537,414
	15,388,472	-	15,388,472
Amortization			
Establishment Cost	851,058	-	851,058
Software New-OMNI	969,161	969,161	1,938,322
	1,820,219	969,161	2,789,380
Net Book Value	13,568,253		12,599,092



Cooperative Bank of Oromia S.C

Notes to the accounts

As At 30 June 2017

9 Acquired Properties by Branches

	Birr	2016
Sheger Branch	4,312,229	4,312,229
Finfine Branch	20,462,511	7,817,857
Akaki Branch	33,777	-
Shashemene Branch	3,698,570	3,698,570
Sebeta Ayo Branch	2,800,000	2,800,000
Metema Branch	2,930,233	-
Gonder Branch	4,694,396	-
Mekele Branch	2,967,618	-
Ambo Branch)	162,293	162,293
Torban Obbo Branch	22,229,076	15,920,307
Humera Branch	2,452,775	-
Kuyu Branch	7,783,921	-
Odo Shakiso Branch	1,684,587	-
Hosana Branch	1,835,288	-
	78,047,274	34,711,256

10 Property, Plant & Equipments

Cost	Balance at 30 June 2016	Additions	Transfer	Adjustment	Balance 30 June 2017
Computers & Data storage equipment	87,709,489	38,477,097	-	-	126,186,586
Office furniture & fittings	77,802,986	45,032,095	-	(1,024)	122,834,057
Office & other equipments	70,778,663	29,847,061	-	-	100,625,724
Motor Vehicles	76,671,034	62,057,815	-	-	138,728,849
Premises	16,149,725	-	-	-	16,149,725
Construction in progress	90,466,785	31,118,496	-	-	121,585,281
	419,578,683	206,532,564	-	(1,024)	626,110,222

Depreciation

Computers & Data storage equipment	55,820,628	17,077,694	-	-	72,898,322
Office furniture & fittings	38,464,869	16,665,883	-	-	55,130,752
Office & other equipments	32,240,408	14,648,307	-	-	46,888,714
Motor Vehicles	44,220,802	16,808,488	-	-	61,029,290
Premises	2,092,676	807,486	-	-	2,900,162
	172,839,382	66,007,858	-	-	238,847,240

Net Book Value

246,739,301

387,262,982



Cooperative Bank of Oromia S.C

Notes to the accounts

As At 30 June 2017

11 Leasehold Land

The leasehold land represents lease cost of:

	Birr	2016
900 m2 of land located in Jima town for 40 years lease period	144,110	144,110
1500 m2 of land located in Woliso town for 25 years lease period	10,800	10,800
536 m2 of land located in Addis Ababa city on 99 years lease period	433,624	433,624
	588,534	588,534
Accumulated Amortization	39,224	30,809
Less- Current year Amortization	8,415	8,415
	47,638	39,224
Book Value	540,896	549,310

Deposits

Balance as at 30 June 2017

	Demand	Saving	Time Deposit	E-float	Wadia Saving Deposit	Wadia Demand Deposit	Total	2016
Cooperative and Associations	710,719,621	978,390,778	56,500,000	-	554,526	80,812	1,746,245,737	1,027,152,116
Domestic Banks	80,823,387	-	138,325,000	-	20	-	219,148,407	95,836,17
Non Bank Financial Institute	105,931,709	794,341,466	144,784,035	-	29	2,454,889	1,047,512,129	475,486,72
Private Sectors	3,030,278,034	5,682,771,159	317,171,502	4,144,761	394,325,482	77,695,114	9,506,386,052	5,643,183,43
Public Enterprise	715,843,604	83,273,193	-	-	2,070,506	599,508	801,786,810	612,698,74
Non Interest Bearing	-	770,604,840	-	-	-	-	770,604,840	546,562,94
Government Local	1,362,401	-	-	-	-	-	1,362,401	904,47
Non Resident Foreign	13,601,319	-	-	-	-	-	13,601,319	8,515,21
Special Saving	-	169,433,319	-	-	-	-	169,433,319	77,973,40
Wadia Staff	-	-	-	-	701,913	-	701,913	20
Hajji and Umrah	-	-	-	-	11,000	-	11,000	13,75
	4,658,560,074	8,478,814,756	656,780,537	4,144,761	397,663,476	80,830,323	14,276,793,926	8,488,327,23
	2,963,895,254	4,765,400,025	672,228,061	6,075,093	74,813,261	5,915,540	8,488,327,234	

2016



Cooperative Bank of Oromia S.C.
Notes to the accounts
As At 30 June 2017

13 Other Liabilities

	Birr	2016
TT's and MT's Payable Local	763,609	513,071
TT's Retransferred	672,182	749,843
CPO & Certified Cheques issued	152,045,447	122,393,826
Income Tax Payable	3,804,205	1,322,016
VAT Payable	14,557	866,207
Withholding Tax Payable	492,890	145,361
Pension Payable	1,721,001	474,234
Stamp duty Charges	637,067	152,476
Tax Payable On Interest	2,920,134	1,326,228
Accrued Interest On Fixed Time Deposit	19,126,936	27,773,965
Dividend Payable	0	168,825,489
Dividend tax payable	114,585	1,886,726
Audit fee payable	181,500	131,500
Board of directors remuneration payable	-	550,000
TT Cover Received Before Tested Message	-	680
Accrued Leave payable	9,155,178	17,031,211
Severance pay	56,599	71,386
Account Payable Miscellaneous	565,867,201	22,947,334
Exchange Payable to NBE	41,938,573	27,241,135
Account for Bonus Payable	1,793	1,793
Account for General Assembly	1,463	1,463
Money Transfer Agents (MONTRAG)	(6,008,654)	58,695,372
Deposit Guarantee Issued	93,540	2,197,259
Land Leased Held Obligations	121,565	121,565
Retentions	4,105,397	2,777,199
Over the Counter Cash Payment (OTCP)	5,725,584	44,158,494
Blocked Amount/Accounts	10,562,131	5,573,239
Court Cases	461,198	550,168
Purchase advance to suppliers	8,008,581	4,493,443
Cost Sharing	98,293	104,834
Adjustment and Refund	269,811	93,144
Other banks special clearances	-	(10,317)
ATS payable(CK clearance and settlement)	316,271	934,264
Shares Sold	5,598	1,525
Branch ODBP	3,171,447	2,991,970
ATM Settlement Payable	249,163	165,165
AP Long Outstanding Items	6,367,813	5,607,231
Excess Cash on ATM	88,340	-
Hamish Jiddiya	2,445,752	-
Deferred Income	6,606,801	-
Directors' Share on profit	985,800	-
	843,189,350	522,860,498



Cooperative Bank of Oromia S.C

Notes to the accounts

As At 30 June 2017

14 Paid up Share Capital

The authorized share capital of the bank is Birr 3 Billion comprising 30,000,000 ordinary shares at par value of Birr 100 each. Total subscribed shares at the balance sheet date is Birr 1,275,518,400 out of which Birr 1,000,000,000.00 is fully paid.

15 Donated Capital

Donated capital is donation received from the Regional Government of Oromia without Imposed restriction on utilization.

16 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.

17 Interest Income

	Birr	2016
Interest Earned On Loans and Advances	986,170,964	763,802,965
Interest Earned On Surplus Fund	130,440,326	59,866,526
	1,116,611,289	823,669,491

18 Commission Income

	Birr	2016
Commission on Foreign Transactions	87,368,115	47,360,088
Commission on Letter of Guarantee	33,632,419	13,197,767
Commission-Local	2,741,599	331,491
CPOs and cheque paid	614,103	711,362
Demand drafts(MTs, ITs & DD-Local)	5,545,756	8,815,561
	129,901,991	70,416,269

19 Service Charges

	Birr	2016
Service Charges - Local	1,195,648	1,363,267
Service Charges - Foreign	173,696,703	110,058,195
	174,892,351	111,421,462



Cooperative Bank of Oromia S.C

Notes to the accounts

As At 30 June 2017

20 Other Income

	Birr	2016
Office Rent	1,086,886	905,230
Provision for Loans & Advances	3,800,000	-
Accrued Leave Pay	6,021,632	-
Commitment Charge	-	294
Gain on Disposal of Old assets	6,865	68,414
Estimation and Inspection fee	1,088,700	270,612
Cash Surplus	498,228	395,757
Telephone, Postages and Money Bags	1,673,847	2,790,656
Dividend Income	7,811,674	-
Sundries	2,341,171	8,471,542
Other Income - Miscellaneous	2,308,220	527,845
	26,637,223	13,430,350

21 Gain On Foreign Currency and Other Charges

	Birr	2016
Gain On Foreign Currency Transactions	75,255,669	58,447,464
Gain On Foreign Currency Holdings	-	-
Correspondent Charges	27,250	1,760
Swift Charges	1,517,047	957,140
	76,799,965	59,406,365

22 Loss On Foreign Currency and Other Charges

	Birr	2016
Loss on Foreign Exchanges Dealings	27,408	2,543,039
Loss on foreign Exchanges Rate Fluctuation	129,187	1,926,976
	156,595	4,470,016



Cooperative Bank of Oromia S.C
Notes to the accounts
As At 30 June 2017

23 General Expenses	Birr	2016
Advertisement and publicity	14,342,537	5,105,444
Bank Charges	1,531,120	1,195,294
Cheque Books	991,477	311,116
NBE Issue Account and Correspondent Account	1,961,067	1,275,809
Cleaning Supplies	559,950	373,824
Depreciation Expenses	66,193,264	50,413,175
Amortization of Deferred charges	969,161	969,161
Amortization of Leasehold Land	8,415	8,415
Donation	2,156,997	63,695
Entertainment	1,447,006	2,272,060
Electronic Data Processing	7,750,198	8,143,296
Penalty	689,296	1,501,638
Inauguration	245,648	89,513
Insurance Expense	10,672,327	8,350,532
Land and Building tax	69,834	7,511
Legal	80,319	64,042
Municipal License fees and Sanitation fee	537,644	3,268,162
Membership fees	360,288	407,964
Miscellaneous	3,907,408	1,577,410
Money bags	5,054	1,024
Motor Vehicle Inspection	253,307	89,377
Fuel and Lubricants	4,285,164	4,027,931
Office rent	96,527,790	72,098,785
Parking	71,014	23,200
Perdiem and accommodation	8,826,878	4,526,047
PSS Transaction Fees	3,675,021	-
Fuel and Representation Allowance	20,114,975	10,094,506
Postage	264,857	176,738
Repair and maintenance	11,631,461	8,250,214
Revenue Stamp	36,119	9,364
Stationary and Printing	43,332,297	16,506,224
Subscription	38,626	39,418
Sundries	11,198,200	10,045,218
Telephone, Swift and Internet	15,162,299	12,082,416
Transport of Currency	2,956,760	2,730,601
Transportation	45,542,877	23,491,033
Vertical Blinding (carts)	176,182	-
Wages	59,033,613	32,842,393
Water and Electricity	2,318,253	1,561,641
	439,924,701	283,994,189
	Birr	2016
24 Interest Expenses		
Interest on Saving Deposits	278,693,398	182,341,363
Interest on Fixed Time Deposits	57,551,154	46,552,122
	336,244,552	228,893,485



Cooperative Bank of Oromia S.C.
Notes to the accounts
As At 30 June 2017

25 Salaries and Benefits

	Birr	2016
Accrued Leave Pay	-	4,532,279
Acting Allowance	150,100	418,838
Bonus	-	1,604,014
Cash Indemnity Allowance	7,750,012	5,861,013
Clerical Staffs Salaries	287,634,400	130,598,141
Disturbance Allowance	619,820	331,150
Drivers Allowance	14,650	3,300
Funeral Pay	3,000	-
Hardship Allowance/Living Allowance	2,489,228	2,819,576
Housing Allowance	32,953,752	1,587,262
Medical	3,810,923	2,669,439
Non Clerical Staffs Salaries	20,998,686	13,511,063
Overtime Payments	1,999,423	2,226,028
Provident Fund Contribution	11,139,704	7,024,586
Pension Expenses	22,576,848	8,762,477
Marriage and Maternity Staff Benefits	115,456	135,000
Severance Pay	367,517	-
Staff Insurance	2,154,047	1,988,335
Training and Education	18,584,846	4,452,669
Uniforms	1,966,115	750,871
	415,328,527	189,276,040

26 Directors Allowance

Directors allowances represent monthly allowance of Birr 4,000 per month and annual compensation of Birr 100,000 per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE directive SBB 63/2016.



Cooperative Bank of Oromia S.C

NOTES TO THE ACCOUNTS

As At 30 June 2017

	Birr	2016
27 Provision for Taxation		
Profit before tax	239,589,382	36,945,006
Add:		
Disallowed Expenditures(Expenditures deducted		
Depreciation and amortization for accounting Purpose	66,977,018	51,382,336
Entertainment	1,447,006	2,272,060
Penalty	689,296	1,501,638
Donations	2,156,997	63,695
Sponsorship	-	-
	71,270,318	55,219,729
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	81,118,233	44,111,769
Exempt Incomes and Incomes taxed at source:		
Dividend Income	7,811,674	-
Interest From Deposits at Local banks	59,824,931	9,123,206
Interest From Deposits at Foreign Banks	257,945	188,925
Interest Income On NBE bills and Bonds	70,049,246	50,554,395
	219,062,030	103,978,294
Taxable Profit	91,797,670	(11,813,558)
Provision for Taxation@30%	(27,539,301)	-
Add: 5% On deposit at Foreign banks	12,897	9,446
	(27,526,404)	9,446
Less: Withholding Tax Paid	103,997	(9,446)
Net Current Year Profit Tax Payable	(27,422,407)	-



Cooperative Bank of Oromia S.C

Notes to the accounts As At 30 June 2017

28 Depreciation and Amortization for Tax Purpose	Depreciation and Amortization Base B/F			Depreciation Total
	Building	Computer & Accessories	Other Business Assets	
Fixed Assets Transferred to Expenses at their book Value	15,566,586	50,982,908	145,669,858	226,756,766
Current Year Additions	-	-	(1,024)	(1,024)
Depreciation Base at end of the Year	-	38,477,097	136,936,971	175,414,068
Depreciation @5%,25%, 20% and 10%	15,566,586	89,460,005	282,605,804	402,169,809
Depreciation Base Carried Forward	(778,329)	(22,365,001)	(56,521,161)	(81,118,233)
	15,566,586	89,460,005	282,605,804	402,169,809

Total Depreciation and Amortization for tax purpose

29 Deferred Tax Asset/Liability	Birr	2016
Depreciation and amortization Computed for Reporting Purpose	66,977,018	51,382,336
Depreciation and amortization Computed for Tax Purpose	(81,118,233)	(44,111,769)
Temporary difference	(14,141,214)	7,270,568
Differed Tax asset@30%	(4,242,364)	2,181,170
Balance brought forward	3,012,763	831,593
Balance carried forward	(1,229,601)	3,012,763

30 Earning per Share

Earning per share for the year is calculated on the basis of the average number of shares outstanding during the year. Average number of shares is computed on simple average basis.

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

32 Commitments and Contingent Liabilities	Birr	2016
Guarantees Issued	329,182,155	345,957,817
Commitments on Letter of Credit net of Margin Paid	580,467,591	506,356,715
Loan Approved but not Disbursed	24,113,325	165,784,436
Unutilized overdraft and other facility	-	-
	933,763,071	1,018,098,968

33 Related Party Disclosure

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

Amount	
Outstanding loan	501,147,107.16
Estimated value of collaterals	639,917,285.25



Cooperative Bank of Oromia S.C

Notes to the accounts

As At 30 June 2017

34 Status of IFRS implementation

The Bank has established IFRS technical committee and has arranged various trainings for the committee members. Moreover, the members of board of directors and senior management members have received trainings on IFRS implementation.

Detail Activities	Accomplished (Y/N)	Major Activities	Initiatives
Presentation of standards by team members and debate on it and assess the Gap with existing practices	Y	Capitalizing the basic knowledge	Gap assessment
Select each and every topic and subtopic which is policy issue and estimation issue	Y	Distinguish policy and Estimation	Screening
Prepare all alternative policy option under each standards and present to steering committee for selection	Y	Screen out all policy options	Policy Options
Writing proposal for those standards which is their mandatory adoption period is in later year.	Y	Writing Proposal	Early adoption
All team members proposed to register and attend the diploma course	Y	IFRS Diploma course	IFRS Education
Preparing discussion session with concerned organ regarding the gap, the change and awareness creation on new standards	Y	Awareness creation	Discussion session
<ul style="list-style-type: none"> - New or existing data which is not avail on existing CBS -Collect all reports of the bank organs and assess their relation with IFRS 	Y	Collect data which is not available from the system	Data Collection
The project office will provide changes that need to be amended in each CBO's organ like: Policy, procedure, guide line, system, process etc. Discuss with concerned oranges on the changes	Y	Develop the required change	Gap Analysis
Asses the real useful life and residual value of PPE.	Y	Useful life and Residual value assessment	Useful life and Residual value
Take a training and get accreditation from concerned organ	Y	Technical training	Asset valuation training
Prepare IFRS based accounting Policy	Y	Accounting Policy	Accounting Policy
Detail discusses with the executive management and approved	Y	Selecting optional exemptions	IFRS 1
Work on each and every angle to get impairment model for financial instrument	Y	Impairment model for financial instrument	Impairment



Cooperative Bank of Oromia S.C
Balance Sheet -Conventional Banking
As At 30 June 2017


	Notes	Birr	2016
Assets			
Cash and Bank Deposits	1	2,270,686,474	2,060,464,935
Fixed Time Deposit	2	764,999,895	55,995,551
Other Assets	3	680,893,624	506,696,842
Loans and Advances (net)	4	9,679,602,793	5,851,657,783
Investment in NBE Bills and Bonds	5.2	3,299,727,000	1,775,521,720
Government Saving Bond		5,150,000	5,150,000
Property, Plant and Equipment	8	387,262,982	246,739,301
Acquired Properties	7	78,047,274	34,711,256
Leasehold Land	9	540,896	549,310
Deferred Tax Assets		-	3,012,763
Deferred Charges(net)	6	12,599,092	13,568,253
Investments in Shares	5.1	53,420,000	52,181,000
Correspondent Account with IFB		2,092,534	-
		17,235,022,563	10,606,248,714
Liabilities			
Customer Deposits	10	13,798,300,127	8,407,598,433
Margin Held On Letter of Credit		559,537,859	455,213,840
Other Liabilities	11	833,361,940	522,489,595
Deferred Tax Liabilities	27	1,229,601	-
Borrowing from NBE		499,017,316	-
Profit Tax Payable	25	26,525,607	-
Total Liabilities		15,717,972,449	9,385,301,868
Capital			
Paid up Capital	12	1,000,000,000	910,731,547
Donated Capital	13	3,931,539	3,931,539
Share Premium		8,672,001	8,672,001
Legal Reserve	14	321,049,640	269,094,486
Retained Earnings		183,396,934	28,517,273
Total Capital		1,517,050,113	1,220,946,846
Total Liabilities and Capital		17,235,022,563	10,606,248,714


Abera Hailu

Chairman of the Board of Directors



1



Deribe Asfaw
President



2


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

Income	Notes	Birr	2016
Interest	15	1,116,611,289	823,669,491
Commission Income	16	128,844,170	70,416,079
Service Charges	17	173,506,080	111,421,462
Gain (Loss) on Foreign Currency	19	76,756,418	59,406,365
Other Income	18	26,625,315	13,430,252
		1,522,343,274	1,078,343,649
Expenses			
General Expenses	21	439,923,389	283,993,590
Interest Expenses	22	336,244,552	228,893,485
Salaries & Benefits	23	415,328,527	189,276,040
Provision for Loans & Advances		-	153,370,000
Provision for Other Assets		93,656,648	181,193,372
Audit Fee		183,515	201,829
Board Allowance	24	250,000	-
Loss On Foreign Currency and Other Charges	20	156,595	4,470,016
Total Expenses		1,285,743,225	1,041,398,332
Profit Before Tax		236,600,048	36,945,317
Provision for Profit Tax	25	(26,629,604)	(9,446)
Deferred Tax Assets/Liabilities	27	(4,242,364)	2,181,170
Profit After Tax		205,728,080	39,117,041
Transfer to Legal Reserve		(51,432,020)	(9,779,260)
Net Profit After Tax & Legal Reserve		154,296,060	29,337,781
Accumulated profit brought forward		28,517,272	274,143,753
Dividend Declared and Paid		-	(273,964,262)
Prior Period Adjustment		-	(450,000)
Board of Directors Remuneration	24	(985,800.00)	(550,000)
		27,531,472	(820,509)
		181,827,532	28,517,272
Earning per Share of Birr 100	28	23	4


Abera Hailu
Chairman of the Board of Directors

2




Deribe Asfaw
President



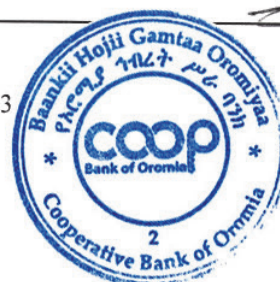
Cooperative Bank of Oromia S.C

Cash Flow Statement-Conventional Banking For the Year Ended 30 June 2017

	Birr	2016
Cash Flow From Operating Activities		
Net Profit for the year	236,600,048	36,945,317
Adjustment for:		
Depreciation and Amortization	66,985,433	51,390,751
Provision for Doubtful Loans & Advances	(3,800,000)	153,370,000
Provision for Other Assets	93,656,648	181,193,372
Prior period Adjustment	-	(450,000)
Dividend Income	-	-
Fixed assets and Adjustment	1,024	3,565,282
Effect of exchange Rate Fluctuation and Forex Dealing	(75,412,264)	(62,917,480)
Cash Flow From Operation before Changes in Working Capital	318,030,890	363,097,242
Decrease (Increase) in Loans & Advances excluding provision	(3,824,145,010)	561,013,092
Decrease (Increase) in Other Assets	(267,853,431)	(24,584,704)
Decrease (Increase) in Acquired Properties	(43,336,018)	787,941
Increase (Decrease) in Deposits	5,390,701,694	1,039,593,727
Increase (Decrease) in Margin Held Account	104,324,019	155,770,757
Increase (Decrease) in Other Liabilities	310,872,346	(1,860,515,179)
Cash Flow From Operation before Changes in Working Capital	1,988,594,490	235,162,876
Profit tax Paid	-	(169,096,158)
Withholding Tax Paid	(103,997)	(9,446)
Net Cash Inflow from Operating Activities	1,988,490,493	66,057,272
Cash Flow From Investing Activities		
Borrowing from NBE	499,017,316	-
Purchase of Fixed Assets	(206,532,564)	(104,188,197)
Investment in deferred charges	-	(14,537,414)
Investment in Government saving bond	-	(150,000)
Fixed time Deposit with Other Bank	(709,004,344)	57,966,895
Investment in NBE Bills	(1,524,205,280)	(270,338,428)
Investment in Other Companies Shares	(1,239,000)	-
Net Cash Outflow from Investing Activities	(1,941,963,871)	(331,247,144)
Cash Flow From Financing Activities		
Dividend Paid in Cash	-	(59,688,509)
Directors Share on Profit Paid	(985,800)	(550,000)
Share Capital Collected net Dividend Capitalized	89,268,453	-
Share premium Collected	-	-
Cash Flow from Financing Activities	88,282,653	(60,238,509)
Effect of Exchange Rate Fluctuation & FOREX dealing	75,412,264	62,917,480
Changes in Cash and Cash Equivalents	210,221,539	(262,510,901)
Cash and Cash Equivalent at the Beginning of the Year	2,060,464,935	2,322,975,836
Cash Balance at end of the year	2,270,686,474	2,060,464,935

Abera Hailu
Chairman of the Board of Directors

Deribe Asfaw
President



Cooperative Bank of Oromia S.C
Statement of Changes in Equity
For the Year ended 30 June 2016

Currency: Ethiopian Birr

	Share Capital	Share Premium	Share Capital	Legal Reserve	Retained Earnings	Total Capital
Balance at 1 July 2015	864,848,200	8,672,001	3,931,539	259,315,226	274,143,754	1,410,910,720
Dividend Capitalized	45,883,347	-	-	-	(45,883,347)	-
Dividend in Cash	-	-	-	-	(228,080,915)	(228,080,915)
Prior Period Adjustment	-	-	-	-	(450,000)	(450,000)
Collection from Subscribed Shares	-	-	-	-	-	-
Profit for the Year	-	-	-	-	39,117,041	(216,936,960)
Directors' Share on profit	-	-	-	-	(550,000)	(550,000)
Transfer to Legal Reserve	-	-	-	9,779,260	(9,779,260)	-
Balance at 30 June 2016	910,731,547	8,672,001	3,931,539	269,094,486	28,517,273	1,220,946,846
Balance at 1 July 2016	910,731,547	8,672,001	3,931,539	269,094,486	28,517,273	1,220,946,846
Profit transfer from IFB	-	-	-	523,133	1,569,400	2,092,534
Dividend Capitalized	-	-	-	-	-	-
Dividend in Cash	-	-	-	-	-	-
Collection from Subscribed Shares	89,268,453	-	-	-	-	89,268,453
Profit for the Year	-	-	-	-	205,728,080	205,728,080
Directors' Share on Profit	-	-	-	-	(985,800.00)	(985,800)
Transfer to Legal Reserve	-	-	-	51,432,020	(51,432,020)	-
Balance at 30 June 2017	1,000,000,000	8,672,001	3,931,539	321,049,640	183,396,934	1,517,050,113

Abera Hailu

Chairman of the Board of Directors




Deribe Asfaw
President



Cooperative Bank of Oromia S.C.
Notes to the Accounts-Conventional Banking
As At 30 June 2017

1 Cash and Bank Deposits

	Birr	2016
Cash on Hand- Local Currency	1,101,854,115	1,204,388,216
Cash on Hand- Foreign Currency	13,634,314	5,732,079
Reserve Account with NBE	730,000,000	440,443,489
Payment & Settlement Account with NBE	20,261,973	108,051,742
Issue Account with NBE	28,177,932	26,419,232
Deposit with Local Banks	58,302,291	43,802,391
Deposit with Foreign Banks	318,455,849	231,627,786
	2,270,686,474	2,060,464,935

2 Fixed Time Deposits

	Birr	2016
Lion International Bank S.C.	50,000,000	-
Estate Bank S.C.	125,929,526	23,375,727
Debube Global Bank S.C.	-	32,619,823
Addis International Bank S.C.	39,070,369	-
NIB International Bank S.C.	200,000,000	-
Bunna International Bank S.C.	50,000,000	-
Abay Bank Bank S.C.	100,000,000	-
Oromia International Bank S.C.	200,000,000	-
	764,999,895	55,995,551

3 Other Assets

	Birr	2016
Prepayments	261,874,517	174,011,692
Supplies Stock Account	41,737,779	20,880,100
Uncleared Effect - Foreign	258,552,562	182,479,256
Uncleared Effect - Local	97,128,282	79,748,012
Accrued Interest Receivables On NBE Bills	42,327,431	25,543,839
Accrued Receivables - Government Bond	611,482	303,279
Accrued Receivables - Other Domestic Banks	50,696,956	5,436,645
Accounts Receivable - Local	2,327,344	1,471,671
Staff Debtor	5,570	277,733
Miscellaneous-Local	33,169,492	36,129,912
Miscellaneous-Foreign	-	7,256
Fixed Assets in Store	17,122,011	11,702,094
Branch under Openings	11,028,869	13,171,266
Money Transfer Agents (MONTRAG)	6,494,440	10,086,238
ATM Settlement	3,441,070	3,071,181
Withholding Tax Receivables	1,922	1,921
Export Settlement Account	257,424,344	263,034,649
Deposit Guarantee	11,266,103	-
	1,095,210,174	827,356,743
Less: Other Provisions	(414,316,550)	(320,659,901)
	680,893,624	506,696,842



Cooperative Bank of Oromia S.C

Notes to the Accounts-Conventional Banking

As At 30 June 2017

4 Loans and Advances

	Birr	2016
Agricultural Production Term Loan and Overdraft	118,024,732	75,419,548
Manufacturing Production Term Loan	224,121,078	88,912,262
Domestic Trade and Service Term Loan	5,120,868,939	3,387,960,408
Domestic Trade and Service Overdraft	1,023,476,139	857,198,012
Export Term Loans	425,887,692	398,520,054
Export Overdraft	165,719,191	132,912,921
Merchandise	455,239,492	182,467,411
Import Term Loan and Overdraft	61,947,065	21,271,611
Advance Against Export Bills	1,552,584,806	667,205,612
Advance Against Import Bills	123,466,617	29,969,743
Building and Construction	71,580,084	70,978,052
Personal Loans	658,546,959	264,502,149
	10,001,462,793	6,177,317,783
Less: Provision for Bad Loans & Advances	(321,860,000)	(325,660,000)
	9,679,602,793	5,851,657,783

5 Investments

5.1 Investments in Shares

	Birr	2016
Oromia Insurance Company S.C	12,500,000	11,261,000
Gutu Oromia Business S.C	3,500,000	3,500,000
Orologo Prefabricated PLC	15,000,000	15,000,000
Ethio Switch S.C	11,370,000	11,370,000
Elemtu Integrated Milk Industry S.C	5,000,000	5,000,000
Premiere Switch Solution (PSS)	4,800,000	4,800,000
Bomjoj Meat Processing and Export S.C	1,250,000	1,250,000
	53,420,000	52,181,000

5.2 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.

6 Deferred Charges	Balance as at 30/06/2016	Additions	Balance as at 30/06/2017
	Birr		Birr
COST			
Establishment Cost	851,058	-	851,058
Software New-OMNI	14,537,414	-	14,537,414
	15,388,472	-	15,388,472
AMORTIZATION			
Establishment Cost	851,058	-	851,058
Software New-OMNI	969,161	969,161	1,938,322
	1,820,219	969,161	2,789,380
Net Book Value	13,568,253		12,599,092



Cooperative Bank of Oromia S.C

Notes to the Accounts-Conventional Banking As At 30 June 2017

7 Acquired Properties by Branches

	Birr	2016
Sheger Branch	4,312,229	4,312,229
Finfine Branch	20,462,511	7,817,857
Akaki Branch	33,777	-
Shashemene Branch	3,698,570	3,698,570
Sebeta Ayo Branch	2,800,000	2,800,000
Metema Branch	2,930,233	-
Gonder Branch	4,694,396	-
Mekele Branch	2,967,618	-
Ambo Branch)	162,293	162,293
Torban Obbo Branch	22,229,076	15,920,307
Humera Branch	2,452,775	-
Kuyu Branch	7,783,921	-
Odo Shakiso Branch	1,684,587	-
Hosana Branch	1,835,288	-
	78,047,274	34,711,256

8 Property, Plant & Equipments

Cost	Balance at 30 June	Additions	Transfer/Adjustment	Balance 30 June
	2016			2017
Computers & Data storage equipment	87,709,489	38,477,097	-	126,186,586
Office furniture & fittings	77,802,986	45,032,095	(1,024)	122,834,057
Office & other equipments	70,778,663	29,847,061	-	100,625,724
Motor Vehicles	76,671,034	62,057,815	-	138,728,849
Premises	16,149,725	-	-	16,149,725
Construction in progress	90,466,785	31,118,496	-	121,585,281
	419,578,683	206,532,564	(1,024)	626,110,222
Depreciation				
Computers & Data storage equipment	55,820,628	17,077,694	-	72,898,322
Office furniture & fittings	38,464,869	16,665,883	-	55,130,752
Office & other equipments	32,240,408	14,648,307	-	46,888,714
Motor Vehicles	44,220,802	16,808,488	-	61,029,290
Premises	2,092,676	807,486	-	2,900,162
	172,839,382	66,007,858	-	238,847,240
Net Book Value	246,739,301			387,262,982



7



Cooperative Bank of Oromia S.C
Notes to the Accounts-Conventional Banking

As At 30 June 2017

9 Leasehold Land

The leasehold land represents lease cost of:

	2016
	<u>Birr</u>
900 m2 of land located in Jima town for 40 years lease period	144,110
1500 m2 of land located in Woliso town for 25 years lease period	10,800
536 m2 of land located in Addis Ababa city on 99 years lease period	433,624
	588,534
Accumulated Amortization	30,809
Less- Current year Amortization	8,415
	47,638
	<u>540,896</u>
	<u>549,310</u>

10 Deposits

	Balance as at 30 June 2017			2016
	Demand	Savings	Time Deposit	E-float
Cooperative and Associations	710,719,621	978,390,778	56,500,000	-
Domestic Banks	80,823,387	-	138,325,000	-
Non Bank Financial Institutions	105,931,709	794,341,466	144,784,035	-
Private Sectors	3,030,278,034	5,682,771,159	317,171,502	4,144,761
Public Enterprise	715,843,604	83,273,193	-	-
Non Interest Bearing	-	770,604,840	-	-
Government Local	1,362,401	-	-	-
Non Resident Foreign	13,601,319	-	-	-
Special Saving	-	169,433,319	-	-
	<u>4,658,560,074</u>	<u>8,478,814,756</u>	<u>656,780,537</u>	<u>4,144,761</u>
	<u>2,963,895,254</u>	<u>4,765,400,025</u>	<u>672,228,061</u>	<u>6,075,093</u>
				<u>13,798,300,127</u>
				<u>8,407,598,433</u>

2016



Cooperative Bank of Oromia S.C.
Notes to the Accounts-Conventional Banking
As At 30 June 2017

11 Other Liabilities

	Birr	2016
TT's and MT's Payable Local	12,215	142,818
TT's Retrferred	672,182	749,843
CPO & Certified Cheques issued	152,045,447	122,393,826
Income Tax Payable	3,804,205	1,322,016
VAT Payable	14,557	866,207
Withholding Tax Payable	492,890	145,361
Pension Payable	1,721,001	474,234
Stamp duty Charges	637,067	152,476
Tax Payable On Interest	2,920,134	1,326,228
Accrued Interest On Fixed Time Deposit	19,126,936	27,773,965
Dividend Payable	0	168,825,489
Dividend tax payable	114,585	1,886,726
Audit fee Payable	181,500	131,500
Board of directors remuneration Payable	-	550,000
TT Cover Received Before Tested Message	-	680
Accrued Leave payable	9,155,178	17,031,211
Severance pay	56,599	71,386
Account Payable Miscellaneous	565,843,739	22,946,684
Exchange Payable to NBE	41,938,573	27,241,135
Account for bonus Payable	1,793	1,793
Account for general assembly	1,463	1,463
Money Transfer Agents (MONTRAG)	(6,008,654)	58,695,372
Deposit Guarantee Issued	93,540	2,197,259
Land Leased Held Obligations	121,565	121,565
Retentions	4,105,397	2,777,199
Over the Counter Cash Payment (OTCP)	5,725,584	44,158,494
Blocked Amount/Accounts	10,562,131	5,573,239
Court Cases	461,198	550,168
Purchase advance to suppliers	8,008,581	4,493,443
Cost Sharing	98,293	104,834
Adjustment and Refund	269,811	93,144
Other banks special clearances	-	(10,317)
ATS payable(CK clearance and settlement)	316,271	934,264
Shares Sold	5,598	1,525
Branch ODBP	3,171,447	2,991,970
ATM Settlement Payable	249,163	165,165
AP Long Outstanding Items	6,367,813	5,607,231
Excess Cash on ATM	88,340	-
Directors' Share on profit	985,800	-
	833,361,940	522,489,595



12 Paid up Share Capital

The authorized share capital of the bank is Birr 3 Billion comprising 30,000,000 ordinary shares at par value of Birr 100 each. Total subscribed shares at the balance sheet date is Birr 1,000,000,000 out of which Birr 1,000,000.00 is fully paid.

13 Donated Capital

Donated capital is donation received from the Regional Government of Oromia without imposed restriction on utilization.



Cooperative Bank of Oromia S.C

Notes to the Accounts-Conventional Banking

As At 30 June 2017

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

Interest Earned On Loans and Advances
Interest Earned On Surplus Fund

Birr	2016
986,170,964	763,802,965
130,440,326	59,866,526
1,116,611,289	823,669,491

16 Commission Income

Commission on Foreign Transactions
Commission on Letter of Guarantee
Commission-Local
CPOs and cheque paid
Demand drafts(MTs,TTs & DD-Local)

Birr	2016
86,310,293	47,360,088
33,632,419	13,197,767
2,741,599	331,301
614,103	711,362
5,545,756	8,815,561
128,844,170	70,416,079

17 Service Charges

Service Charges - Local
Service Charges - Foreign

Birr	2016
1,195,648	1,363,267
172,310,432	110,058,195
173,506,080	111,421,462

18 Other Income

Office Rent
Provision for Loans & Advances
Accrued Leave Pay
Commitment Charge
Gain on disposal of Old assets
Estimation and inspection fee
Cash Surplus
Telephone, Postages and Money Bags
Dividend Income
Sundries
Other Income - Miscellaneous

Birr	2016
1,086,886	905,230
3,800,000	-
6,021,632	-
-	294
6,865	68,414
1,088,700	270,612
498,228	395,757
1,673,847	2,790,558
7,811,674	-
2,341,171	8,471,542
2,296,312	527,845
26,625,315	13,430,252

19 Gain On Foreign Currency and Other Charges

Gain On Foreign Currency Transactions
Correspondent Charges
Swift Charges

Birr	2016
75,255,669	58,447,464
-	1,760
1,500,750	957,140
76,756,418	59,406,365

20 Loss On Foreign Currency and Other Charges

Loss on Foreign exchanges dealings
Loss on foreign exchanges rate fluctuation

Birr	2016
27,408	2,543,039
129,187	1,926,976
156,595	4,470,016



Cooperative Bank of Oromia S.C

Notes to the Accounts-Conventional Banking

As At 30 June 2017

21 General Expenses	Birr	2016
Advertisement and Publicity	14,342,537	5,105,444
Bank Charges	1,531,120	1,195,294
Cheque Books	991,477	311,116
NBE Issue Account and Correspondent account	1,961,067	1,275,809
Cleaning Supplies	559,950	373,824
Depreciation Expenses	66,193,264	50,413,175
Amortization of Deferred Charges	969,161	969,161
Amortization of Leasehold Land	8,415	8,415
Donation	2,156,997	63,695
Entertainment	1,447,006	2,272,060
Electronic Data Processing	7,750,198	8,143,296
Penalty	689,296	1,501,638
Inauguration	245,648	89,513
Insurance Expense	10,672,327	8,350,532
Land and Building tax	69,834	7,511
Legal	80,319	64,042
Municipal License fees and Sanitation fee	537,644	3,268,162
Membership Fees	360,288	407,964
Miscellaneous	3,906,096	1,577,410
Money Bags	5,054	1,024
Motor vehicle inspection	253,307	89,377
Fuel and Lubricants	4,285,164	4,027,931
Office Rent	96,527,790	72,098,785
Parking	71,014	23,200
Perdiem and accommodation	8,826,878	4,526,047
PSS Transaction Fees	3,675,021	-
Fuel and Representation Allowance	20,114,975	10,094,506
Postage	264,857	176,738
Repair and maintenance	11,631,461	8,250,214
Revenue stamp	36,119	9,364
Stationary and printing	43,332,297	16,506,224
Subscription	38,626	39,418
Sundries	11,198,200	10,045,218
Telephone, swift and internet	15,162,299	12,082,416
Transport of Currency	2,956,760	2,730,601
Transportation	45,542,877	23,491,033
vertical Blinding (carts)	176,182	-
Wages	59,033,613	32,841,794
Water and electricity	2,318,253	1,561,641
	439,923,389	283,993,590

22 Interest Expenses	Birr	2016
Interest on Saving Deposits	278,693,398	182,341,363
Interest on Fixed Time Deposits	57,551,154	46,552,122
	336,244,552	228,893,485

11



Cooperative Bank of Oromia S.C

Notes to the Accounts-Conventional Banking

As At 30 June 2017

	Birr	2016
23 Salaries and Benefits		
Accrued Leave Pay	-	4,532,279
Acting Allowance	150,100	418,838
Bonus	-	1,604,014
Cash Indemnity Allowance	7,750,012	5,861,013
Clerical Staffs Salaries	287,634,400	130,598,141
Disturbance Allowance	619,820	331,150
Drivers Allowance	14,650	3,300
Funeral Pay	3,000	-
Hardship Allowance/Living Allowance	2,489,228	2,819,576
Housing Allowance	32,953,752	1,587,262
Medical	3,810,923	2,669,439
Non Clerical Staffs Salaries	20,998,686	13,511,063
Overtime Payments	1,999,423	2,226,028
Provident Fund Contribution	11,139,704	7,024,586
Pension expenses	22,576,848	8,762,477
Marriage and Maternity Staff Benefits	115,456	135,000
Severance Pay	367,517	-
Staff Insurance	2,154,047	1,988,335
Training and Education	18,584,846	4,452,669
Uniforms	1,966,115	750,871
	415,328,527	189,276,040

24 Directors Allowance

Directors allowances represent monthly allowance of Birr 4,000 per month and annual compensation of Birr 100,000 per each member of board of directors of the bank. The amount paid is within the limit set in accordance with NBE directive SBB 63/2016.

25 Provision for Taxation

	Birr	2016
Profit before tax	236,600,048	36,945,317
Add:		
Disallowed Expenditures(Expenditures deducted but should not have been deducted)		
Depreciation and amortization for accounting Purpose	66,977,018	51,382,336
Entertainment	1,447,006	2,272,060
Penalty	689,296	1,501,638
Donations	2,156,997	63,695
Provision for debtors other than loans	-	-
	71,270,318	55,219,729
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	81,118,233	44,111,769
Exempt Incomes and Incomes taxed at source:		
Dividend Income	7,811,674	-
Interest From Deposits at Local banks	59,824,931	9,123,206
Interest From Deposits at Foreign Banks	257,945	188,925
Interest Income On NBE bills and Bonds	70,049,246	50,554,395
	219,062,030	103,978,294
Taxable Profit	88,808,336	(11,813,248)
Provision for Taxation@30%	(26,642,501)	-
Add: 5% On deposit at Foreign banks	12,897	9,446
	(26,629,604)	9,446
Less: Withholding Tax Paid	103,997	(9,446)
Net Current Year Profit Tax Payable	(26,525,607)	-



Cooperative Bank of Oromia S.C

Notes to the Accounts-Conventional Banking As At 30 June 2017

26 Depreciation and Amortization for Tax Purpose	Building	Computer & Accessories	Other Business Assets	Intangible assets	Depreciation Total
Depreciation and Amortization Base B/F	15,566,586	50,982,908	145,669,858	14,537,414	226,756,766
Fixed Assets Transferred to Expenses at their book Value	-	-	(1,024)	-	(1,024)
Current Year Additions	-	38,477,097	136,936,971	-	175,414,068
Depreciation Base at end of the Year	15,566,586	89,460,005	282,605,804	14,537,414	402,169,809
Depreciation @5%,25%, 20% and 10%	(778,329)	(22,365,001)	(56,521,161)	(1,453,741)	(81,118,233)
Depreciation Base Carried Forward	15,566,586	89,460,005	282,605,804	14,537,414	402,169,809

Total Depreciation and Amortization for tax purpose

27 Deferred Tax Asset/Liability	Birr	2016
Depreciation and amortization Computed for Reporting Purpose	66,977,018	51,382,336
Depreciation and amortization Computed for Tax Purpose	(81,118,233)	(44,111,769)
Temporary difference	(14,141,214)	7,270,568
Differed Tax asset@30%	(4,242,364)	2,181,170
Balance brought forward	3,012,763	831,593
Balance carried forward	(1,229,601)	3,012,763

28 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.

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

30 Commitments and Contingent Liabilities	Birr	2016
Guarantees Issued	329,182,155	345,957,817
Commitments on Letter of Credit net of Margin Paid	580,467,591	506,356,715
Liability on acceptance of Letter of credit	-	-
Loan Approved but not Disbursed	24,113,325	165,784,436
Unutilized overdraft and other facility	-	-
	933,763,071	1,018,098,968



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

	<u>Notes</u>	<u>Birr</u>	<u>2016</u>
Assets			
Cash on Hand		451,287,189	73,405,900
Other Assets	1	17,433,353	7,693,494
Interest Free Banking Financing		22,590,000	-
Correspondent Account with Conventional Banking		-	311
Total Assets		491,310,543	81,099,704
Liabilities			
Customer Deposits	2	478,493,799	80,728,801
Other Liabilities	3	9,827,410	370,903
Correspondent Account with Conventional Banking		2,092,534	-
Profit Tax Payable	9	896,800	-
Total Liabilities		491,310,543	81,099,704



Abera Hailu
 Chairman of the Board of Directors



Deribe Asfaw
 President

1



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

Income	Birr	2016
Income From Murahabah Financing	491,099	-
Commission Income	4 1,057,911	190
Service Charges	5 1,386,271	-
Gain (Loss) on Foreign Currency	6 43,547	-
Other Income	7 11,818	98
	2,990,646	288
Expenses		
General and Administrative Expenses	1,312	599
Total Expenses	1,312	599
Profit before Tax	2,989,334	(311)
Provision for Profit Tax	8 (896,800)	-
Profit after Tax	2,092,534	(311)
Transfer to Head Office Account	(2,092,534)	311
Net Profit After Tax	-	-



Abera Hailu
 Chairman of the Board of Directors

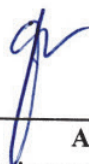


Deribe Asfaw
 President



Cooperative Bank of Oromia S.C
Cash Flow Statement-Interest Free Banking
For the Year Ended 30 June 2017

	Birr	2016
Cash Flow From Operating Activities		
Net Profit for the year	2,989,334	(311)
Less: Transfer From Profit Account to head office account	2,092,534	(311)
Cash Flow From Operation before Changes in Working Capital	896,800	-
Decrease (Increase) in IFB Financing excluding provision	(22,590,000)	-
Decrease (Increase) in Other Assets	(9,739,859)	(7,693,494)
Decrease (Increase) in current account with conventional banking	2,092,844	(311)
Decrease(Increase) in Deposits	397,764,998	80,728,801
Increase (Decrease) in Other Liabilities	9,456,506	370,903
Cash Flow From Operation before Changes in Working Capital	376,984,489	73,405,900
Profit tax Paid	(896,800)	-
Net Cash Inflow from Operating Activities	376,984,489	73,405,900
Changes in Cash and Cash Equivalents	377,881,290	73,405,900
Cash and Cash Equivalent at the Beginning of the Year	73,405,900	-
Cash Balance at end of the year	451,287,189	73,405,900



Abera Hailu
Chairman of the Board of Directors



Deribe Asfaw
President



Cooperative Bank of Oromia S.C

Notes to the accounts

For the Year Ended 30 June 2017

1 Other Assets

	Birr	2016
Profit Receivable on Financing and Investment	7,097,900	-
Supplies stock	11,050	3,000
Advance Against Murabaha	3,059,190	-
Uncleared Effect-Local	7,265,213	7,690,494
	<u>17,433,353</u>	<u>7,693,494</u>

2 Customer Deposits

	Wadi'ah Saving Deposit	Wadi'ah Demand Deposit	Total	2016
Cooperative and Associations	554,526	80,812	635,338	397
Private Sectors	394,325,482	77,695,114	472,020,597	80,504,318
Public Enterprise	2,070,506	599,508	2,670,013	210,136
Micro Finance Institution	29	2,454,889	2,454,918	-
Wadi'ah-Staffs Account	701,913	-	701,913	200
Domestic Bank	20	-	20	-
Hajji and Umrah	11,000	-	11,000	13,750
	<u>397,663,476</u>	<u>80,830,323</u>	<u>478,493,799</u>	<u>80,728,801</u>

3 Other liability

	Birr	2016
TT's and MT's,DDs,CPO, Blocking- Local	751,394	370,253
Hamish Jiddiya	2,445,752	-
Deferred Income	6,606,801	-
Cashier's Payment Order	23,462	650
	<u>9,827,410</u>	<u>370,903</u>

4 Commission Income

	Birr	2016
Commission on Foreign Transactions	1,057,821	-
Commission-Local	90	190
	<u>1,057,911</u>	<u>190</u>



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Cooperative Bank of Oromia S.C

Notes to the accounts

For the Year Ended 30 June 2017

5 Service Charges	Birr	2016
Service Charge-Foreign	1,386,271	-
	1,386,271	-
6 Gain On Foreign Currency and Other Charges	Birr	2016
Correspondent Charges	27,250	-
Swift Charges	16,297	-
	43,547	-
7 Other Income	Birr	2016
Other Income-Miscellaneous	11,818	98
	11,818	98
8 Provision for Taxation	Birr	
Profit before Tax	2,989,334	
Taxable Profit	2,989,334	
Provision for Taxation (at 30% tax rate)	896,800	
9 Profit Tax Payable	Birr	
Opening Balance	-	
Profit Tax Paid during the year	-	
Current Year Provision for Profit Tax	896,800	
	896,800	



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