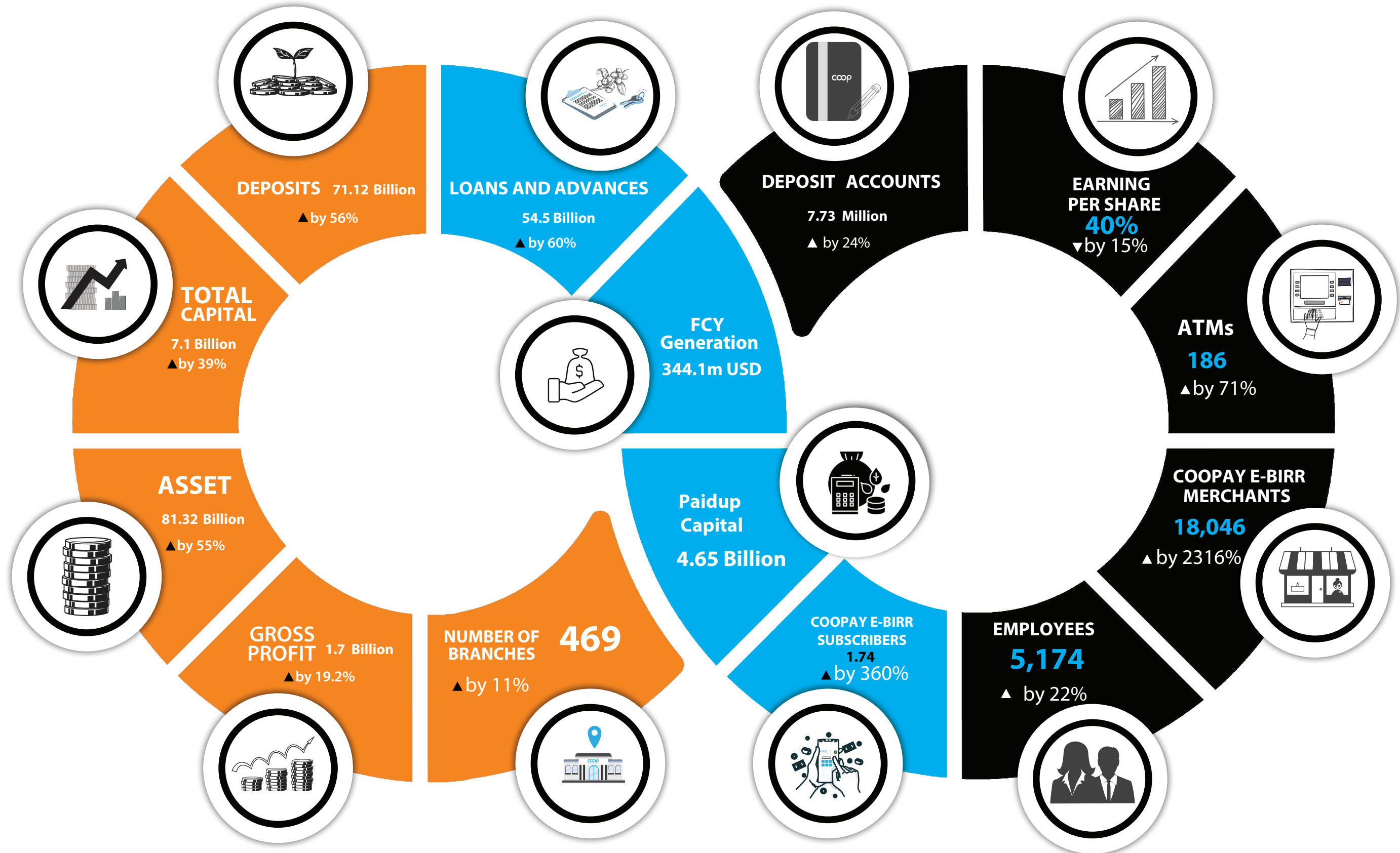


Bank of Oromia

2020/21



PERFORMANCE DASHBOARD



WHAT WE HAVE ACHIEVED
2020/21



coop
pay



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IN THIS REPORT

01	Board Chairman's remark
02	Reflections from the President
03	Board of Directors
04	Executive Management
05	Deposits
06	International Trade
07	Loans and Advances
08	Profit
09	Deposit Accounts
10	Market Expansion
11	Our People
12	Our Brand and CSR
13	Digital Banking
14	Other Strategic Achievements
15	Interest Free Banking Report
16	SAC Members Comment on IFB Annual Report
17	IFB Deposits
18	IFB Deposit Accounts
19	IFB Financing
20	Profit from IFB
21	IFB Market Expansion
22	Audit Report

Board Chairman's Message

Dear Respected Shareholders,

I am so pleased to present Coopbank's annual report for the fiscal year 2020/21. During the year, both economic contraction and recovery situations were experienced throughout the globe mainly attributed to the Covid-19 Pandemic effects and the subsequent containment measures taken by nations around the globe. Though the level of contraction and momentum of recovery varies among the nations, the macro-economic growth of every nation was significantly affected by the pandemic related experiences.

The global economy is thus expected to expand by 5.6 percent in 2021 (World Bank, June 2021). The World Bank report further highlights that it is the fastest post-recession pace in 80 years, largely on strong rebounds from a few major economies. However, said the report, many emerging markets and developing economies continue to struggle with the COVID-19 pandemic and its aftermath. In this regard, the economic growth in low-income economies in 2021 is anticipated to be the slowest, with 2.9 percent, in the past 20 years other than 2020, partly reflecting the very slow pace of vaccination.

In the year 2020, the Ethiopian macroeconomy has shown a moderate growth of 6.1 percent driven by the services and industry sectors despite the sluggish performance of the pandemic-hit sectors like hospitality, transport and others (ADB, 2021). Whereas, in the year 2021, different economic outlook reports indicate that Ethiopian macro-economic growth would be slowed down largely affected by the pandemic effects and other external challenges.

Although these external factors severely affected the performance of the banking industry and our bank in particular, it was an important year for the bank during which an encouraging performances were achieved. In fact, during the period under review, the Ethiopian banking sector remained strong despite the prevailing severe external challenges.

Coopbank's performance in the FY 2020/21 has ensured value-creation for all stakeholders, including shareholders and customers. In the fiscal year, the bank has registered an outstanding performance in most of the key performance indicators (KPIs).

The bank's balance sheet has grown from its baseline 2019/20 by 54.9 percent to reach ETB 81.32 billion with a significant increment revealed in the bank's liability by 56.7 percent or ETB 26.85 billion and the total capital of the bank has reached ETB 8 billion as of June 30, 2021.

During the fiscal year, the bank has managed to mobilize an additional share capital of ETB 1.65 billion raising the total paid up capital of the bank to ETB 4.65 billion.

As a company committed to strategy and balanced growth, Coopbank is now positioning itself for better accomplishment and on a path to provide healthy and sustainable returns for shareholders. During the fiscal year, the bank registered a gross profit before tax of ETB 1.7 billion. Earnings per share (EPS), therefore, showed a better picture at 40 percent. The result is mainly attributed to the synergy of our employees including management and board of directors, as well as a substantial increase in earnings.

...Board Chairman's Message

The bank has also registered considerable achievements in the strategic and non-financial matters that are considered as leading indicators for the financial matrices' achievements.

Regarding market outreaches, 49 new branches were opened to put the total number of branches at 469. Particularly, Coopbank remains one of the frontrunners in the opening of dedicated branches for the Interest-free banking segment demonstrating the bank's strong commitment to delivering values to the target market. Accordingly, 13 dedicated interest-free banking branches were opened in different parts of the country.

As regards to governance, the role of the Board was as crucial as ever in the year 2020/21 and we needed to ensure that the bank effectively implemented governance and risk models to respond to the challenging environment. Throughout the fiscal year, the board of directors of the bank remained committed to improving the bank's governance practices through better transparency, responsibility and accountability.

Regarding the future, I believe, our long-term success and continued relevance depend on the support and trust of the people we serve and the well-being of the environment in which we operate. Hence, looking ahead, the bank shall work to have the right people, systems and processes to deliver improved results in the coming years.

Finally, on behalf of all my fellow board members, I would like to take this opportunity to thank our stakeholders, mainly the shareholders of the bank, for their continued trust and support. Thank you to the leadership team and to all employees of the bank for their unwavering dedication and guidance. It is my candid hope and confidence that the coming Board, the Senior Management team and the employees will take the bank to a new level of success in the upcoming years.

Board Chairman

Thank you,



Fikru Deksis (PhD)
Chairman, Board of Directors

“

As a company committed to strategy and balanced growth, Coopbank is now positioning itself for better accomplishment and on a path to provide healthy and sustainable returns for shareholders.



REFLECTIONS FROM THE PRESIDENT



The drive to provide digital products and fast financial solutions to our customers led us to improve our digital operations that have resulted in the improvement of digital transactions during the fiscal year.

REFLECTIONS FROM THE PRESIDENT

Dear valued Shareholders,

In the midst of the current exigent times, our efforts were aimed at delivering maximum value to our esteemed stakeholders through designing fitting and appropriate strategic initiatives. In the fiscal year, we have demonstrated how we should continue to create sustainable growth and stakeholders' value even in such periods. It was the year in which the bank has diligently focused on building its resiliency and strategically aligning itself in the dynamic business environment.

On the other hand, the fiscal year 2020/21 was the year in which the bank has started to implement its new growth strategy. The strategic focus here is to continue expanding its core resources base, expanding its business channels and enriching operating profits. This was driven by the vision of the bank that enabled a strong move across all organs of the bank and among our key stakeholders.

Our focus in this regard was to extensively leverage the available potential financial resources and market intelligence to create synergies and unique value propositions across our customer segments. Accordingly, the bank enhanced its focus on reviewing and implementing its strategy that enabled it improve its performances in different indicators.

On the other hand, the efforts made to be extensively engaged in digital banking operations led us to improve our digital move during the fiscal year. The drive to provide digital products and fast financial solutions to our customers led us to improve our digital operations that have resulted in the improvement of digital transactions during the fiscal year.

Accordingly, the bank has recorded a resilient financial performance in the year with its balance sheet size growing by 54.9 percent from ETB 52.49 billion in the last year to ETB 81.32 billion.

Customers' deposits grew by ETB 25.61 billion or 56.3 percent to ETB 71.12 billion ensuing to creating and maintaining relationships with our clients. The bank was also able to earn a total foreign currency of USD 344.1 million with export constituting the largest share of 58 percent.

The bank's outstanding loans and advances reached ETB 54.5 billion at the end of June 30, 2021, increasing by 59.7 percent from the previous year's value. For this loan portfolio increment, the bank has made a fresh injection or disbursement of ETB 28.55 billion mainly to customers in export, domestic trade, service and manufacturing businesses. Moreover, the bank has managed to maintain its loan quality with an NPL ratio of 1.59 percent, keeping below a regulatory standard of 5 percent and our internal plan.

The bank has made tremendous progress in earnings with income of the bank reaching ETB 8.03 billion. Interest income held the major portion of it, 67.5 percent of the total revenue, being a sustainable source to yield sound benefit to the bank.

On the other hand, the total operating expense was ETB 6.33 billion, increasing by 46.6 percent from the prior year's balance of ETB 4.32 billion. Interest expenses paid on customers' deposit and personnel expenses jointly held a significant share of 57.6 percent from the expenses.

The bank's regular growth of earning assets, together with our unrelenting focus on optimization, enabled the bank to deliver an underlying profit. The profit before tax is, therefore, ETB 1.7 billion, a growth of 19.2 percent from the last year's balance of 1.42 billion.

Besides the financials, I feel that we have also accomplished a number of non-financial and strategic matters that are just as important for our continued success.

The bank is endeavoring to continuously be in the heart of the community and hence increased its retail branch network by 49 to 469 branches. Moreover, by recognizing the role of digital innovations to enrich customer offerings and improve the experience and harness the benefits of faster service, the bank laid important attention to the promotion of the digital ecosystem. Accordingly, the bank managed to recruit 17,092 additional merchants and 1.35 million subscribers to Coopay-Ebirr digital banking service.

Since the bank's commitment to value creation extends beyond creating profits, in the fiscal year, we remained committed to assisting local communities during this challenging time. Aligning with the bank's Corporate Social Responsibility commitments, we implemented community support activities that aim to reach out and uplift the local economy in different areas of the country.

Accordingly, the bank has supported different organizations working in the community. To name a few of our endeavors in this regard, our longstanding and continued support for Oromia Development Association (ODA) to help provide quality education and encourage highly performing students can be noted. Additionally, the bank has sponsored several books, literatures and supported several humanitarian organizations.

Finally, as we look ahead, I would like to restate our continued commitment to deliver the expectation of our shareholders, as well as our customers, communities and many partners as we all play our own important part in our country's economic development. By congratulating all our stakeholders for the success gained, it's an opportune time to extend my appreciation for our hard working employees, our customers and business partners, NBE, and all other stakeholders for your continued commitment.

Thank you,



Deribie Asfaw
President

BOARD OF DIRECTORS



Fikru Deksis (PhD)
Board Chairperson



Kebede Asefa
Deputy Chairperson



Abera Hailu
Board Director



Tefera Anbessa
Board Director



Fekadu Dugasa
Board Director



Tamiru Takele
Board Director



Elfinesh Alemayehu
Board Director



Teshome Abera
Board Director



Oumar Wabe
Board Director



Alemu Sime (PhD)
Board Director



Teshome Argeta
Board Secretary



From Left to Right

BOTTOM ROW

Aman Semir
VP, Information System

2ND ROW

Tafesse Fana
Chief Internal auditor

Ahmed Hassen
VP, Corporate Banking

Gutema Dibaba
VP, Cooperative Banking

Deribie Asfaw
President

Gadissa Mamo
VP, Finance and Facilities
Management

Liko Tolesa
VP, Human Capital and
Projects Management

Desalegn Tadesse
VP, Retail and SMEs Banking

TOP ROW

Godana Kabato
VP, Interest Free Banking

Tadele Tilahun
Senior Director, Strategy &
Business Communications

Gemeda Miesasa
Chief Risk & Compliance
Management Officer

EXECUTIVE MANAGEMENT

Deposits

Deposit is key resource for the bank as it is the major source of funds for offering credit services to customers.

As a result, the bank exerted maximum efforts to mobilize deposit from different customer segments through strengthening customer relationship management, expanding customer base, and implementing different resource mobilization strategies. Furthermore, the bank has expanded its touch points, introduced different deposit products to the market, and put in place effective monitoring and evaluation system.

During the year, the bank attained remarkable performance in incremental deposit mobilization by depicting a growth rate of 56.3 percent (ETB 25.61).

By the end of June 2021, the aggregate deposit of the bank stood at ETB 71.12 billion.

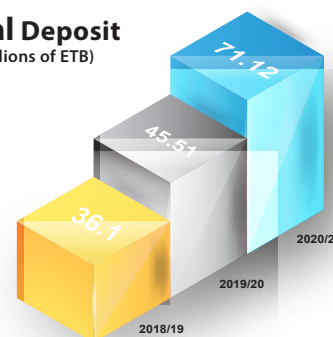
Composition wise, demand deposit registered utmost growth of 79.1 percent and reached ETB 23.79 billion, whereas savings deposit grew by 49.4 percent to ETB 42.58 billion and fixed time deposit boosted by 27.8 percent and stood at ETB 4.75 billion.

During the period under review, saving deposits took the sizable share of 60% followed by demand deposits of 33% and the remaining 7% goes to fixed time deposits.

Deposit by Type
(in billions of ETB)

	2020/21	2019/20	2018/19
Demand	23.79	13.29	11.71
Saving	42.58	28.51	22.95
Fixed Time	4.75	3.72	1.42
Total	71.12	45.51	36.10

Total Deposit
(in billions of ETB)



Deposit Growth Trends
(in billions of ETB)



Our Customers after opening savings accounts

International Trade

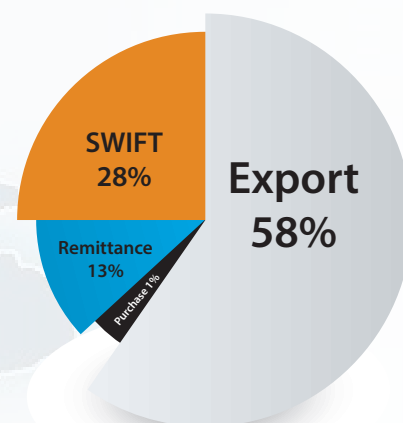
International trade is being realized as one of the key focus areas of our banking operations. During the year, the Covid-19 pandemic had profound impact on global businesses that in turn resulted in weaker performance in foreign currency inflow of the bank. In the year under review, the bank earned total foreign currency inflow of USD 344.1 million which depicted shortfall by -5.3 percent from the prior fiscal year.

The foreign currency earned from export had declined as compared to the last year, but still, contributed the lion's share of what the bank had earned with 58 percent from aggregate foreign exchange inflow.

The earnings from private transfers (remittance and SWIFT) showed positive progress from the last budget year by demonstrating the share of 40.4 percent as compared to the share of 22.3 percent from last fiscal year.

The bank has effectively utilized the foreign currency earned for transacting various international business operations. A significant portion of foreign currency payment with 74.6 percent was effected for facilitating import LC, followed by CAD with 13.1 percent and the remaining 12.3 percent goes to Outgoing TT and others.

In the forthcoming periods, great attention shall be given for mobilizing foreign currency inflow through strengthening partnerships with key stakeholders as well as implementing actionable strategies so as to improve the bank's foreign currency earnings.



Share of Foreign Currency Earnings by Sources

Foreign Currency Earnings
(in million of USD)



Remittance Lotto Prize Winners

Loans and Advances

In line with the bank's objective of supporting its customers engaged in various businesses through creating appropriate value propositions, we injected fresh loan amounting to ETB 28.55 billion for financing various economic endeavors.

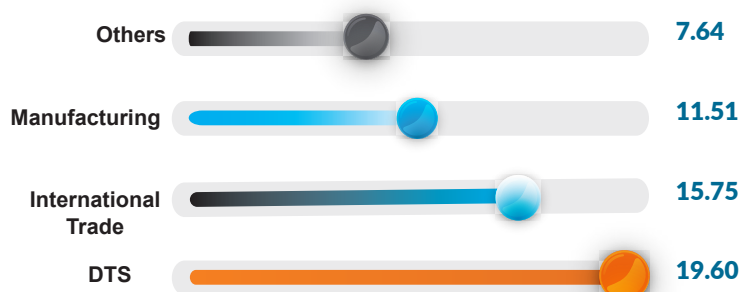
For the year ended 30th June, 2021, the total outstanding loan of the bank stood at ETB 54.5 billion. From the preceding budget year, our loan book grew by 59.7 percent, with an upsurge of ETB 20.37 billion.

The largest portion of loan portfolio goes to domestic trade and service, constituting 36 percent from the total loans and advances of the bank.

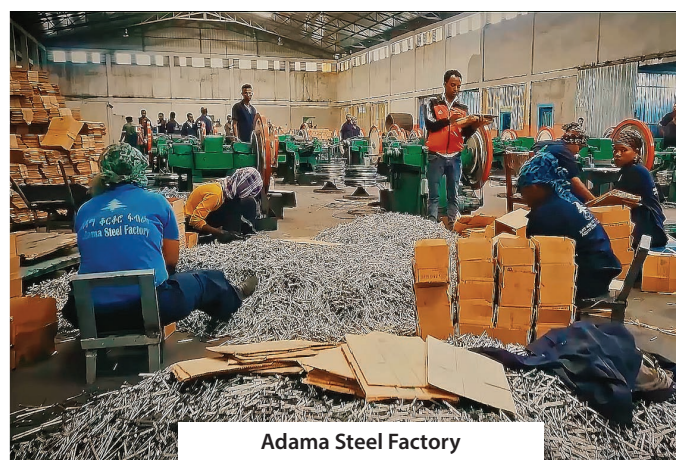
Subsequently, international trade accounts for 28.9 percent followed by manufacturing with share of 21.7 percent. The remaining sectors, on aggregate, constitute 21.1 percent from the total credit portfolio of the bank.

With due emphasis given to asset quality management, the bank's NPLs ratio as at June 30, 2021 was maintained at 1.59 percent and this is lower than the bank's previous year ratio of 2.35 percent as well as the threshold set by the regulatory organ of 5.0 percent.

Outstanding Loans and Advances (in billions of ETB)



Loans and Advances Trend (in billions of ETB)



Adama Steel Factory
Financed by Coopbank



ONE-KOO Coffee
Financed by Coopbank

Profit

With the aim of achieving commendable earnings for our shareholders, the bank registered positive growth trends year on year basis.

Achieving greater return for shareholders require maximizing income generated from the business operations and rationally managing costs so as to attain maximum profits. During the year under review, we were able to earn total income of ETB 8.03 billion, surpassing that of last fiscal year by ETB 2.29 billion (39.8 percent) mainly attributed to the rise in loan portfolio of the bank. Interest income accounted for 67.5 percent of the aggregate income from the total income the bank was able to generate during the year. The combined non-interest income of the bank grew to ETB 2.61 billion, depicting rise of 65.1 percent from the last fiscal year.

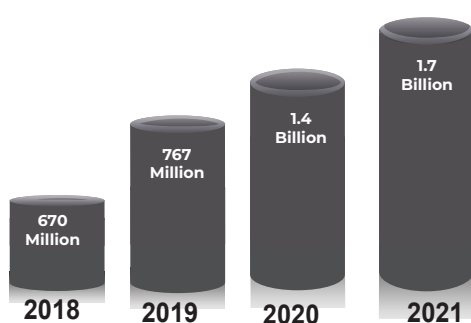
As regards to expenses incurred, the total operating expenses of the bank stood to ETB 6.33 billion, which is higher by ETB 2.01 billion (46.6 percent) from the past fiscal year.

Looking by category, interest expense shares 32 percent, personnel expense accounted for 25.5 percent and the remaining (42.4 percent) goes to other operating expenses.

The gross profit before tax is therefore, ETB 1.7 billion, portraying an increase of ETB 273.44 million or 19.2 percent from last fiscal year. Accordingly, the bank's earnings per share (EPS) became 40 percent for the year ended 30th June 2021.

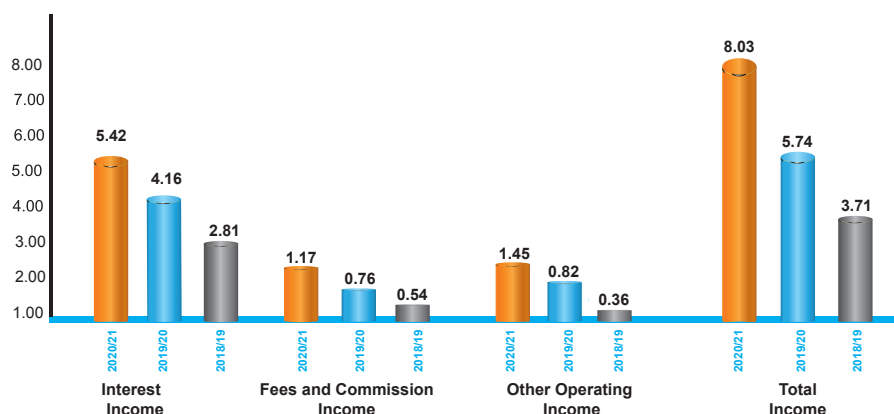
Gross Profit

(in billions of ETB)



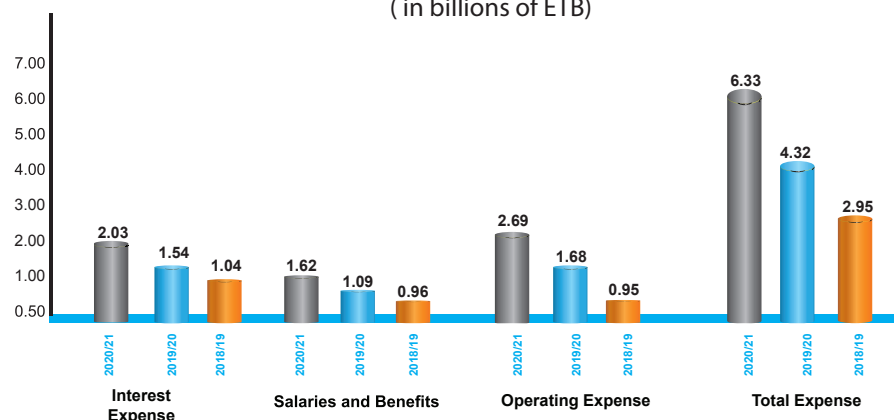
Income by Source

(in billions of ETB)



Expense Trend by Source

(in billions of ETB)



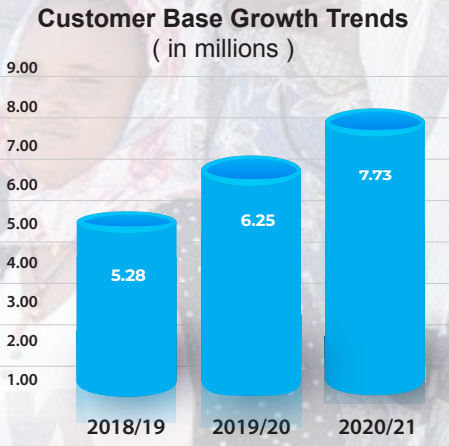
Deposit Accounts

Derived by our mission that intends to root in the mass community, expanding customer base remains one of the major strategic directions of the bank. Moreover, the low level of financial inclusion in the country coupled with the national financial inclusion strategy which is aimed at promoting banking services to a considerable portion of Ethiopia's population excluded from financial services derives our bank to take various initiatives for expanding its customer base.

During the fiscal year, we had managed to recruit 1.48 million additional deposit customers, which shows an expansion of 24 percent from the previous fiscal year.

As a result, total deposit account of the bank reached 7.73 million at the end of June 2021 that makes Coopbank to maintain its leading position in total deposit customers from private banks. In view of the deposit account category, 75.89% (5.87 million) is conventional type and the remaining 24.11% (1.86 million) goes to Interest Free Banking category.

Considering its significant strategic importance and the bank's mission to reach the mass unbanked community, customer base expansion remains one of our strategic directions by applying enabling digital initiatives, implementing customer recruitment strategies as well as introducing new products and services.



coop
Bank of OromiaFOREIGN
EXCHANGEBOLE INTL
AIRPORTcoop
Bank of Oromia
FOREIGN
EXCHANGE

49 New Branches

469 Total Branches

361 Located in Outlying Areas

Market Expansion

As a company striving to create a greater customer experience, we clearly understood future banking will be dominated by digital platforms. Thus, the traditional bricks and mortars approach shall not be our main strategic concern eventually.

Nonetheless, considering our societies' digital transformation readiness and to enhance the bank's presence in the capital city and other big towns, as well as to widen our dedicated interest-free banking branches at potential areas, opening of physical branches was found important.

Accordingly, 49 new branches were opened, out of which 13 branches are dedicated IFB branches.

Hence, the total branch network of the bank reached 469 by the end of June 2021. About 77.20 percent of our branches are located in outlying areas, making us the bank with the largest branch network in outlying areas from private banks.

Likewise, we remain committed to our mission of rooting our foundation in communities and promoting agriculture and rural development through all possible interventions.

With regard to the productivity of the newly opened branches during the fiscal year, the bank was able to mobilize total deposits of ETB 898.70 million, demonstrating 3.51 percent contribution to the total incremental deposit of the bank. In the upcoming years, we will continue our efforts to reach the mass and local communities by applying proper banking channels mainly focusing on digital outlets.

Our People

During this highly dynamic environment, we understand that the key to success and win the competitive edge lies in the hands of human capital management. Our bank believes that the source of its growth depends on the proper utilization of its human capital along with the utilization of up to date technologies. Accordingly, we have developed and started implementing human capital management (HCM) strategy in a way that drives business value towards a realization of the bank's vision.

The strategy defines how major businesses of HCM including; talent acquisition and onboarding, talent development, succession planning and management as well as employee engagement will be managed so as to successfully achieve the bank's vision.

The bank had also executed other major key human capital management activities to enhance on-boarding, development and effective utilization of its employees. Accordingly, during the fiscal year 1,148 new employees were recruited. This puts total Human Resource strength of the bank to 5,174 as of June 30 of 2021 which depicts an increment of 22 percent from last budget year.

The bank had also conducted different developmental and technical trainings for enhancing its employee competence and strategic awareness.

Among training/development areas which were given attention during the fiscal year were; growth strategy and HCM strategy of the bank, leadership and other operational areas.

In the upcoming periods, due attention shall be given to fully implement the strategy which among others include; introducing objective employee's performance framework and gap based technical and developmental interventions.



Induction Session



Women Empowerment:
The Ultimate Way Forward Workshop

Our Brand and Corporate Social Responsibility

At Coopbank, we believe that being a part of the community is more than our physical location. We feel responsible for the community in which we do business. We take pride in how we strengthen and serve our communities, as these relationships are the core of our business model. We are committed to making business decisions that have a positive societal impact. The bank has formed lasting partnerships with nonprofit organizations in order to enhance health, social and educational opportunities, and others that have positive societal impact.

Accordingly, the bank has supported local and international NGOs like Deborah Foundations, founded to support children with down syndrome, and the Ethiopian Red Cross Society that upholds the values of humanity globally. Besides, as we root ourselves in the farming and pastoral community, we've backed different events meant to benefit the community apart from introducing new and suited Farmers' Savings Account. We have also sponsored officially recognized model farmers.

We took further steps in deepening our roots through working on product and service communication, brand standardization and involving in socially responsible engagements, and ardently interacting with the community.

For we believe that any community cannot flourish unless knowledge is invested, we have consistently been supporting Oromia Development Association in its endeavor to provide quality education for the young generation. In the year, we are able to sponsor outstanding students that were able to complete their preparatory school with great distinction.

Moreover, in order to enlighten the community with knowledge, we have sponsored books and artworks written and produced by different authors.

Furthermore, our employees at various levels have publicly made in-kind supports to local committees affected by famine and local challenges.

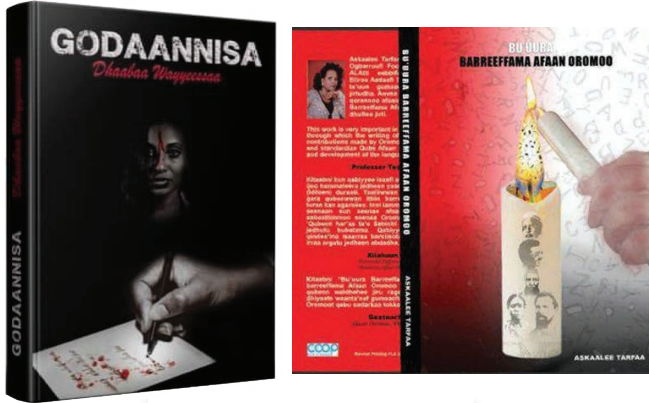
Generally speaking, in the course of challenging time, we have further strengthened our solid philosophy of being a socially responsible corporate company that continues to serve as a bridge to societal advancement and shield at times of hardships.

Finally, we have continued supporting art and culture, environmental, humanitarian, and various social ends as deemed necessary.



We took further steps in deepening our root through working on product and service communication, brand standardization and involving in socially responsible engagements and ardently interacting with the community we have established in.

...Our Brand and CSR



Books Sponsorship



Series TV Drama Sponsorship



ODA Boarding
School Sponsorship



ONE-KOO Coffee Factory
Inauguration Event Sponsorship



Top Depositors & Model Farmers Award



Athlete Derartu Tullu's
Recognition Program Sponsorship

Digital Banking

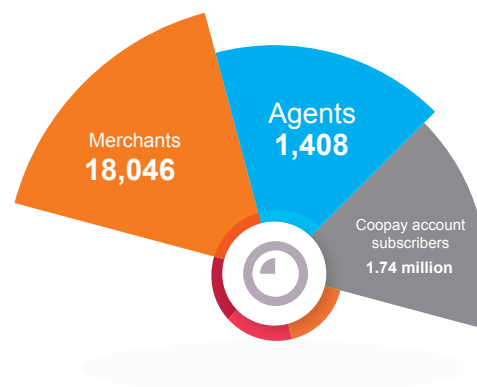
By considering the digital dominance of the future banking, digital transformation is made one of the strategic pillars of the bank. On that account, to enhance the functionality and marketing of our digital platform “Coopay-Ebirr” ecosystem, considerable activities and achievements were registered.

Awareness creations, trainings and public campaigns were made to promote the products and services to the mass. Additionally, integrating the system with key institutional customers like utility providers, road traffic management and others was executed during the year. In this regard, the bank have managed to integrate its system with Addis Ababa Traffic Management Agency- and introduced online traffic penalty payment which is the first of its kind for the country.

During the year, 1,393 agents, 17,092 merchants and 1.35 million subscribers were recruited.

This puts total agent, merchant and Coopay account subscribers of the product to 1,408, 18,046 and 1.74 million respectively. On the other hand, 11,826 debit cards were distributed to customers which puts the total number of card banking clients to 279,593.

Coopay E-birr Digital Ecosystem Performance



Other Strategic Achievements

As per our mission, we are striving to extend our roots into the community so as to transform their livelihoods. Therefore, besides rendering credit services to cooperatives and farmers, the bank has developed Farmers Savings and loan products with unique features and incentives to reach the unbanked societies and transform farmers. Accordingly, during the fiscal year we managed to open more than 137,000 farmers account and able to mobilize a deposit amount of ETB 806.00 million.

Loans were given to individual farmers on poultry, dairy farm, mechanization and for working capital. During the year, the bank has financed purchase of 220 tractors for model farmers.

Moreover, the bank has rendered training to more than 6000 model farmers by focusing on entrepreneurship (business creation), financial management, governance and other related areas.

The bank is continuously working on transformation of cooperatives and farmers through supporting manufacturing, mechanized farming and export businesses.

On the other hand, the bank has created strategic partnership and collaboration with various stakeholders including corporate institutions, non-governmental organizations, and civil societies that are understood to being actively involved in work for the benefit of the society whose interests and concerns are related to our mission.

To strengthen the corporate governance of the bank, we had also done various activities in the area of risk management and internal audit. Operational compliance, AML/CFT and compliance regulatory requirements training were provided to more than 200 branch controllers. Additionally, activities such as organizing risk monitoring data, managing compliance irregularities, AML/CFT compliance on-site review, and regular auditing were made. So as to have efficient and standardized operations, various operating policies, procedures, standards, and manuals were also developed and revised.

In a bid to create common strategic consensus and working towards the effective implementation of the strategy, strategic awareness workshop was prepared and training was provided to all employees of the bank at each level. Further, operating model of the bank was revisited and new organizational structure was crafted.

During the fiscal year 2020/21, various construction and pre-construction activities were made. For the already acquired land for main headquarters at the financial hub development area, pre-construction activities have already started. Though its construction is disrupted with the advents of Covid-19 impacts, finalization of transitional headquarters around Bole Rwanda is in progress and will be ready by the upcoming fiscal year.

Similarly, the bank has also reached 90 percent of its G+3 building construction in Waliso town. In the same fashion, in major cities such as Adama, Dire Dawa, Hawassa, Shashamenne, and Jimma the bank is on the move for the construction of own buildings.

INTEREST FREE BANKING REPORT

Annual Report
2020/21



coop
Bank of Oromia

الهدى
Alhuda



Shaikh Salih Nur Ahmed
SAC CHAIRPERSON



Ustaz Kamil Shemsu Siraj
SAC DEPUTY CHAIRPERSON



Shaikh Alfadil Ali Mustefa
SAC MEMBER



Dr. Mohammed Salih Jamal
SAC MEMBER



Dr. Jibril Qamar Adam
SAC MEMBER

Sharia Advisory Committee's (SAC) Remarks

Dear Esteemed Shareholders,

In carrying out the roles and the responsibility of the sharia advisory committee of the bank, as prescribed in the framework of SAC charter issued by the bank and in compliance with our terms of appointment, we hereunder submit the sharia advisory committee's report for the financial year ended June 30, 2021.

As well understood, the sharia advisory committee shall be responsible to form an independent sharia opinion based on review of operations, business affairs and activities in relation to interest free banking business of the bank.

Generally, the roles of this function include providing sharia advisory, managing sharia non-compliance risk, delivering sharia opinion/fatwa and conducting sharia review.

Among the key developments and activities during the financial year, given the bank's due focus on cooperative societies and farmers, we approved new products namely, Farmers wadia saving account and Farmers Mudaraba saving account to address the needs of the marginalized segment of our community.

During the fiscal year, we have approved a penalty fund which the bank collected from late repayment of IFB financings to be distributed to charities and eligible recipients.

The bank has also made a substantial progress with the opening of 13 dedicated Interest Free Banking branches in different areas of the country putting total number of such branches to 25.

Regarding to the operational aspects, we have reviewed the IFB Financing contracts, provided sharia opinions on issues that requires sharia matters and visited the bank's branches of IFB windows to check the operational correctness (segregations), on a sample basis.

The fiscal year also showed a continuation of the bank's remarkable performance in terms of major performance indicators, displaying a continued growth in the market share. The bank's balance sheet of Interest Free Banking Window reached ETB 11.98 billion, and a profit of ETB 552 million was also recorded, during the fiscal year. The total IFB deposit accounts (custom- er base) of the bank has also reached 1.86 million.

To the best of our knowledge, based on the information provided and disclosed to us during discussions and meetings, we hereby confirm that the operations of the bank for the financial year ended 30 June 2021 have been conducted in conformity with the Shari'ah principles.

We want to conclude our remark saying thank you to each and every member of the bank including the leadership of the bank and employees for placing the bank at this position in the country's financial industry. Looking forward, we aspire and urge, the bank should keep its momentum by periodically reviewing its IFB business model, introducing new products, and creating awareness.

IFB Deposits

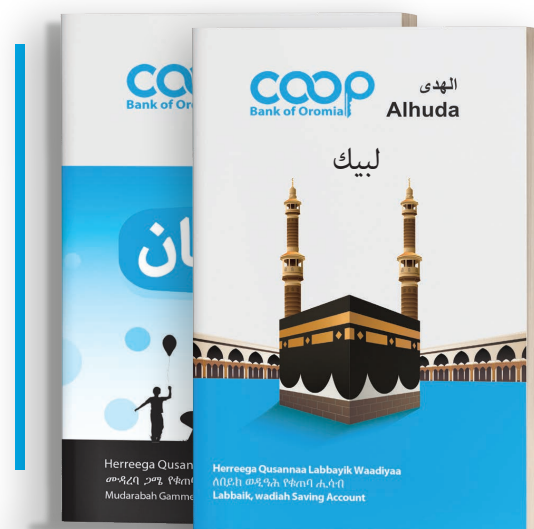
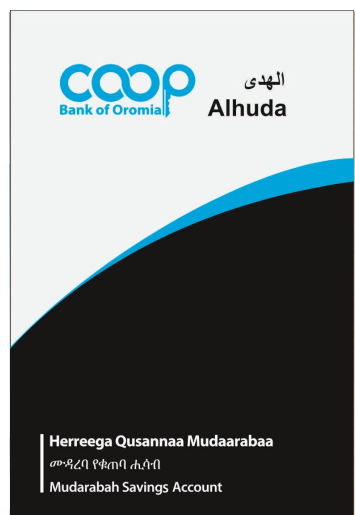
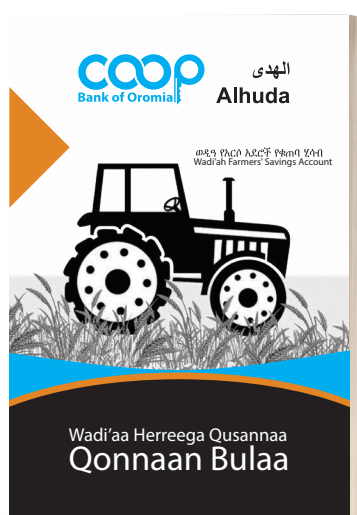
Reinforced by customer relationship management, expanding dedicated branches networks and conducting public awareness creations, we were able to achieve high growth in mobilizing deposits from IFB segments. As a result, an incremental deposit amount of ETB 5.57 billion was mobilized during the year that depicted a remarkable growth of 86.9 percent from the preceding year.

For the year ended 30th June 2021, the IFB deposits position of the bank reached ETB 11.98 billion, holding a 16.8 percent share from the bank's aggregate deposits; and also puts the bank at the leading position from private banks operating in the country.

Structure wise, deposits mobilized from Wadia Savings contributed significant share of 78.7 percent followed by Wadia current with 20 percent and Mudaraba accounts 1.3 percent only.

IFB Deposits Mobilization Trends
(in millions)

	2020/21	2019/20	2018/19
Wadia Current	2,394.38	921.32	861.37
Wadia Saving	9,429.27	5,477.77	4,138.99
Mudaraba Accounts	154.98	10.00	
Total	11,978.63	6,409.09	5,000.36



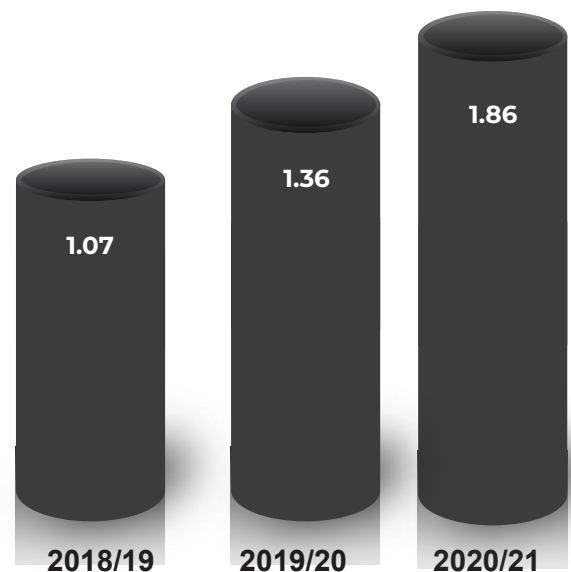
Deposit Accounts

In line with financial inclusion strategy of the country and the bank's endeavor to enhance its deposit mobilization endeavor, recruitment of new IFB customers is still a key focus area of the bank. Accordingly, a total of 501,788 new IFB deposit accounts were recruited during the fiscal year.

As at June 30, 2021, the total IFB deposit accounts of the bank reached 1.86 million. The total deposit account exhibited a growth by 36.8 percent from the prior year and share of 24.1 percent from the total deposit accounts of the bank.



Trend of Deposit Account Opening
(in millions)

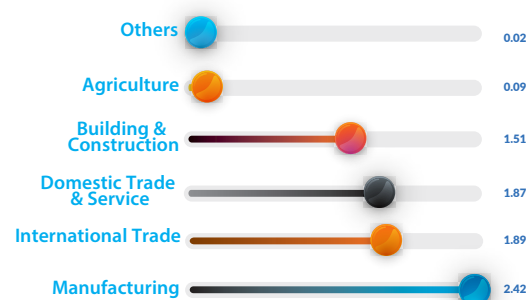


IFB Financing

In order to meet the demand of our Sharia compliant customers, we financed different projects and businesses during the year under review. Consequently, the bank has made additional ETB 5.46 billion to various sectors of the economy. At the end of June, 2021, the total financing volume of the segment stood at ETB 7.82 billion, recording an impressive growth of 98 percent from the prior budget year.

Composition wise, the majority of financing portfolio goes to manufacturing sector with a total amount of ETB 2.42 billion followed by International trade with ETB 1.89 billion and domestic trade and services with ETB 1.87 billion. Furthermore, the non-performing financing of the segment was only 0.44 percent.

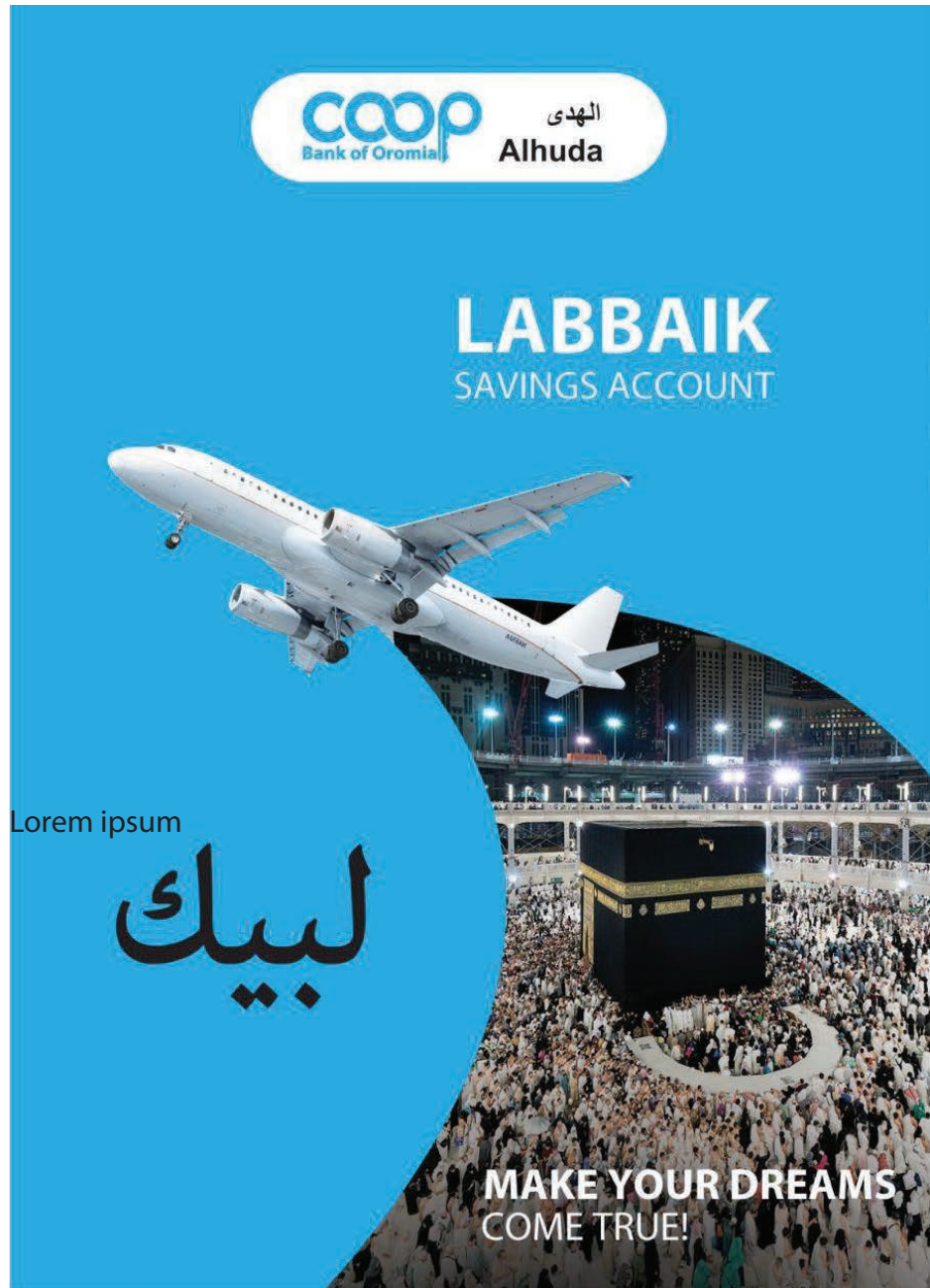
IFB Financing by Sector
(in billions)



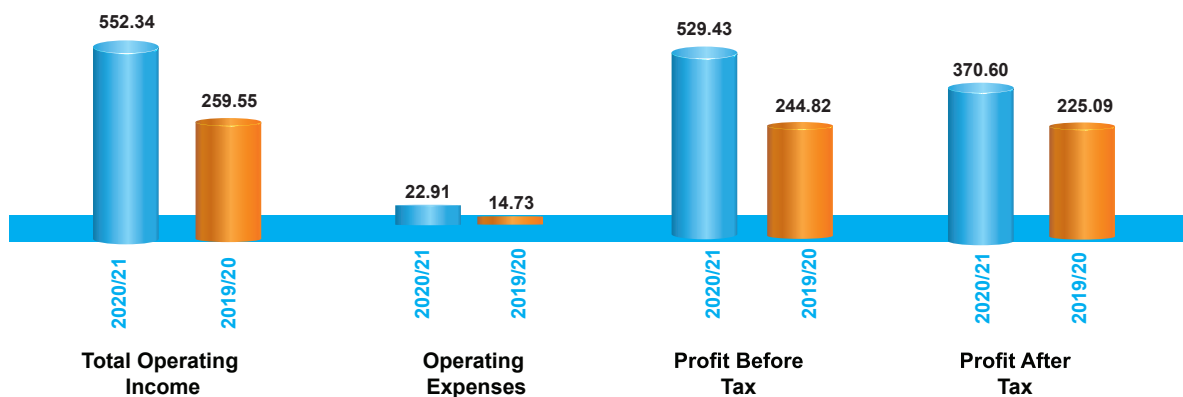
IFB Profit

In terms of profitability, the bank has been registering a decent and progressive profit from the income gained through financing activities and trade service facilities. In view of that, the bank generated ETB 552.34 million revenue from IFB segment registering a growth of 112.8 percent from the last fiscal year. From the total income generated from this segment, ETB 426.71 million was generated from IFB Murabaha financing while the remaining ETB 125.63 million was collected from commission and service charges.

The bank's gross profit generated from the business segment was therefore ETB 529.43 showing a growth of 116.3 percent from the preceding fiscal year.



Trend of IFB Income
(in millions of ETB)



Market Expansion

With the ever-growing demand of the Sharia compliant customers, the bank kept on expanding its accessibility beyond providing services via window model. During the review period, 13 full-fledged IFB dedicated branches were opened in different areas of the country. In the years to come, the bank will expand its accessibility channels making the customers' demands at the core of its business operations.



الشباب

MUDARABAH DARGAGO YOUTH SAVINGS ACCOUNT



COOP
Bank of Oromia

الهدى
Alhuda

**ENGINEER THE BRIGHTNESS OF
YOUR FUTURE WORLD TODAY!**



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AUDIT REPORT