COOPERATIVE BANK OF OROMIA S.C

UPDATED PROSPECTUS PREPARED TO DISCLOSE MATERIAL CHANGES FOR THE RIGHTS OFFER OF REGISTERED ORDINARY SHARES

Rights Offer of 82,000,000 New Ordinary Shares at ETB 100.45 per Share, updating the Prospectus approved on September 23/2026

Date: 5 November 2026 (updating the Prospectus dated September 23/2026)

COOPERATIVE BANK OF OROMIA SHARE COMPANY

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION

Name of the Issuer	Cooperative Bank of Oromia Share Company
Commercial Registration No.	KK/AA/3/0001918/2004
Purpose of the Prospectus and Type of Offer	Registration of 128,000,000 Existing Ordinary Shares held by Existing Shareholders and the Rights Offer of 82,000,000 New Ordinary Shares at ETB 100.45 per share, payable in full upon application. The Rights Offer is made exclusively to Existing Shareholders on the basis of their preemptive rights. This Updated Prospectus discloses the material changes since the Prospectus dated September 23/2026, including the audited financial statements for the year ended 30 June 2026, the Coop Investment Bank project under formation and the resignation of the Chief Financial Officer on 16 October 2026.

This Updated Prospectus (the "Updated Prospectus", which together with the Prospectus dated September 23/2026 is referred to as the "Prospectus") is issued by Cooperative Bank of Oromia Share Company ("Coopbank" or the "Bank") under the provisions of the Capital Market Proclamation No. 1248/2021 (the "Capital Market Proclamation") and in compliance with the Public Offering and Trading of Securities Directive No. 1030/2024 (the "Public Offer Directive") of the Ethiopian Capital Market Authority (the "ECMA").

This Updated Prospectus has been prepared to disclose the material changes since the Prospectus dated September 23/2026 for the Rights Offer of registered Ordinary Shares. It incorporates the audited financial statements of the Bank for the year ended 30 June 2026 (independent auditors' report dated 12 October 2026), which replace the audited interim financial statements as at 31 December 2025, and it reflects the revised Record Date of 10 November 2026 and the Offer Period commencing on 16 November 2026 for the Rights Offer. It also discloses the Coop Investment Bank project under formation (Section 2.8.7), the resignation of the Chief Financial Officer on 16 October 2026 and the assignment of the Senior Director of Financial Management to approve this Updated Prospectus (Section 4), and the FY2026 dividend of ETB 3,351,195,676.72 approved by the General Assembly on 17 October 2026, which shareholders may take in cash or apply to subscribe for Offer Shares (Section 5.4.10). Unless stated otherwise, the terms of the Rights Offer are as set out in the Prospectus.

The Prospectus is approved, and the securities that it offers have been registered by the ECMA. This Updated Prospectus, which discloses the material changes to the Prospectus, was approved by the ECMA on 5 November 2026.

THE APPROVAL OF THIS PROSPECTUS AND THE REGISTRATION OF THE SECURITIES SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE ETHIOPIAN CAPITAL MARKET AUTHORITY OF THE ISSUER OR OF THE SECURITIES THAT ARE THE SUBJECT OF THIS PROSPECTUS. THE ETHIOPIAN CAPITAL MARKET AUTHORITY DOES NOT ASSUME RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS, OPINIONS, OR REPORTS INCLUDED HEREIN.

The Bank, the Board of Directors, the Chief Executive Officer and the Senior Director of Financial Management (assigned by the Bank's management to approve this Updated Prospectus following the resignation of the Chief Financial Officer on 16 October 2026), whose names also appear in Section 4 of this Prospectus, accept full responsibility for the information contained in the Prospectus. To the best of their knowledge and belief, all reasonable care has been taken to ensure that the information in the Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information or make the expression of such information or opinion misleading or untrue.

Investing in this Offer involves possible risks, and this Prospectus incorporates Section 9 (Risk Factors) for a discussion of certain risk factors that should be considered by prospective investors in connection with the Offer and the securities. Please read the Prospectus in full and, where in doubt as to the action you should take, consult an appropriately licensed independent securities adviser for guidance before making an investment decision.

General Information on Professional Parties

Table 1: General Information of Professional Parties

Transaction Advisors	**Ethio Capital Solutions PLC** **Location:** Kirkose sub-city, woreda 10, ORDA Tower at Lagahare, 10th floor room number 1001 and 1002 **Telephone:** +251 115-57-90-85 and +251 961-77-77-73 **Email:** info@ethiocapitalsolutions.com.et **Website:** https://ethiocapitalsolutions.com.et/
Legal Advisor	**Mehrteab and Getu Advocates LLP** **Location:** Africa Avenue, Dembel City Centre, Elevator 4 Suite No. 8 **Telephone:** +251 115 15 97 98, +251 115 54 79 38 **Fax:** +251 115 15 98 22 **Email:** mehrteab@mehrteableul.com **Website:** www.mehrteableul.com
External Auditor - 2024/25 and 2025/26	**Kokeb and Melkamu Audit Service LLP** **Location: Addis Ababa, Bole Sub city, 02 woreda, HN 5473/503-511, Africa Avenue, Byslex Building 5th floor** **Address:** P.O Box 33645, Addis Ababa, Ethiopia **Telephone: +251-911516146** **Fax:** 251-11-552-26-88 **E-mail:** kokmelk@gmail.com
External Auditor – FY 2022/23 and FY 2023/24	**Tafesse, Shisema and Ayalew Certified Audit Partnership** **Location: Addis Ababa, Bole Sub city, 04 woreda, H.N 411/1-305, 22 Mezoria, Quality Building 3rd Floor** **Address:** P.O Box 110690, Addis Ababa, Ethiopia **Telephone:** +251 930034356 **Fax:** 251 0116221270/60 **E-mail:** tmsplus@ethionet.et/tafessef@hotmail.com

Abbreviations and Definitions of Terms

Table 2: Acronyms and Abbreviations

Abbreviation	Full Meaning
AABE	Accounting and Auditing Board of Ethiopia
AML/CFT	Anti-Money Laundering / Combating the Financing of Terrorism
ATM	Automated Teller Machine
CAR	Capital Adequacy Ratio
CBE	Commercial Bank of Ethiopia
CPI	Consumer Price Index
CSD	Central Securities Depository
DBE DFR	Development Bank of Ethiopia Dematerialization Requirement Form
ECF	Extended Credit Facility
ECMA	Ethiopian Capital Market Authority
EGM	Extraordinary General Meeting
EIH	Ethiopian Investment Holdings
ESX	Ethiopian Securities Exchange
ETB	Ethiopian Birr
FDI	Foreign Direct Investment
FIS	Financial Intelligence Service
FX	Foreign Exchange
FXD	Foreign Exchange Directives (NBE directive series)
FY	Financial Year (Reporting date is June 30)
GDP	Gross Domestic Product
HGER	Homegrown Economic Reform Agenda
HGER 2.0	Second Phase of the Homegrown Economic Reform Agenda
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IMM	Interbank Money Market
ISA	International Standards on Auditing
IT	Information Technology
LDR	Loan-to-Deposit Ratio
MFI	Microfinance Institution
MoF	Ministry of Finance
MSME	Micro, Small and Medium Enterprises
NBE	National Bank of Ethiopia
NIM	Net Interest Margin
NPL	Non-Performing Loan(s)
OFSAA	Oracle Financial Services Analytical Applications
OTC	Over-the-Counter Market
PP	Percentage Point
POS	Point of Sale
RoA	Return on Assets
SBB	Supervisory Banking Business (NBE directive series)
SLA	Service Level Agreement
SOE	State-Owned Enterprise
SWIFT	Society for Worldwide Interbank Financial Telecommunication
T-bill	Treasury Bill

Abbreviation	Full Meaning
Tele-birr	Ethio telecom Mobile Money Service
UNDP	United Nations Development Programme
USD	United States Dollar
VAT	Value Added Tax
YoY	Year-on-Year

Table 3: Definitions of Terms

Term	Definition
Anti-Money Laundering (AML)	Laws, regulations, and procedures designed to prevent money laundering, terrorist financing, and other financial crimes.
Bank	Cooperative Bank of Oromia S.C
Cash Recycling Machine	An automated banking machine that allows Cooperative Bank of Oromia account holders to perform both cash deposit and cash withdrawal transactions through self-service channels. The machine receives cash deposits directly from customers and recycles the deposited cash for subsequent withdrawal transactions.
Capital Market Proclamation	The Ethiopian capital market legislation governing the issuance, registration, offering, trading, and regulation of securities in Ethiopia.
Central Securities Depository (CSD)	The licensed entity responsible for maintaining electronic securities records, settlement, and custody services within the Ethiopian capital market.
Commercial Code	The Commercial Code of Ethiopia, Proclamation No. 1243/2021, as amended from time to time.
Corporate Banking	Banking services provided to large businesses, institutions, and corporate entities.
Demand Deposit	Deposits withdrawable on demand, including checking and current accounts.
Deposit Mobilization	The process of attracting deposits from customers to support the Bank's funding and lending activities.
Digital Banking	Banking services delivered through digital platforms and electronic channels.
Directors	Members of the Board of Directors of Coopbank
Eligible Shareholders	Existing shareholders whose names are duly recorded in the Bank's shareholder register as at the Record Date for whom the Rights Offer is exclusively reserved.
Entitlement Ratio	41 Offer Shares for every 64 Existing Shares held at the Record Date, being 82,000,000 Offer Shares divided by 128,000,000 Existing Shares (0.640625 of a new share for each Existing Share).
Ethiopian Capital Market Authority (ECMA)	The regulatory authority established under Ethiopian law to regulate and supervise the Ethiopian capital market.
Ethiopian Securities Exchange (ESX)	The securities exchange licensed to facilitate trading of securities in Ethiopia.
Excess Application	An application by an eligible Existing Shareholder for Offer Shares in addition to its Rights Entitlement, met only from the Excess Pool in accordance with Section 8.3.5.
Excess Pool	The Offer Shares that remain after all allotments under Rights Entitlements, available for Excess Applications. It includes Offer Shares relating to Rights not exercised or allowed to lapse, the fractions removed by rounding down, and any shares scaled back under the NBE ownership cap (Section 8.3.5).
Existing Shares	The Ordinary Shares already issued and held by existing shareholders of Coopbank and proposed to be registered with ECMA under this Prospectus.
Expert	Any person or firm whose profession gives authority to a statement made by them and included in this Prospectus.
External Auditor	The independent audit firm responsible for auditing the financial statements of Coopbank.
Fixed-Term Deposit	Deposits maintained for a specified maturity period and subject to agreed withdrawal conditions.
Internet Banking	Banking services accessed through internet-enabled platforms.
Know Your Customer (KYC)	Customer due diligence procedures required under applicable laws and regulations to verify customer identity and assess associated risks.
Liquidity Risk	The risk arising from the inability of a financial institution to meet its financial obligations as they fall due without incurring unacceptable losses.
Market Risk	The risk of financial loss resulting from fluctuations in market variables such as interest rates, exchange rates, and market prices.
Memorandum and Articles of Association (MOA)	The constitutional documents of Coopbank setting out its objectives, governance structure, shareholder rights, and operational framework.
Mobile Banking	Banking services delivered through mobile devices and telecommunications platforms.
National Bank of Ethiopia (NBE)	The central bank and banking sector regulator of Ethiopia.

Term	Definition
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, human error, system failures, or external events.
Ordinary Shares	The ordinary voting shares of Coopbank.
Offer	The Rights Issue contemplated under this Prospectus.
Offer Shares	The 82,000,000 new Ordinary Shares being offered pursuant to this Prospectus.
Pre-emptive Rights or Preferred Rights	Rights granted to existing shareholders to subscribe first to newly issued shares in proportion to their existing shareholding.
Project	The registration of existing issued shares and public offering of new Ordinary Shares of Coopbank with ECMA.
Prospectus	This legal disclosure document prepared in connection with the registration of existing issued shares and the public offering of new Ordinary Shares of Coopbank.
Public Offer Directive	The directive issued by ECMA governing public offers of securities in Ethiopia.
Record Date	The date on which a shareholder must be recorded in the Bank's share register to receive Rights under the Offer, expected to be 10 November 2026 (Table 11).
Registrar	The entity responsible for maintaining the register of shareholders and securities records.
Registration	The registration of existing issued shares of Coopbank with ECMA pursuant to applicable capital market laws and regulations.
Retail Banking	Banking services provided primarily to individual customers and small businesses.
Rights Offer	The offering of shares to existing shareholders in proportion to their existing ownership interests.
Savings Deposit	Interest-bearing customer deposit accounts primarily maintained for savings purposes.
Securities	The Existing Shares and Offer Shares collectively referred to in this Prospectus.
Shareholders	Holders of Ordinary Shares in Coopbank.
Underwriting	An arrangement whereby securities are guaranteed to be subscribed for by an underwriter subject to agreed terms and conditions.

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SECTION ONE

1 GENERAL REQUIREMENTS

1.1 Corporate Directory

The Corporate Directory section provides key corporate and contact information relating to Cooperative Bank of Oromia S.C. This section is intended to assist investors and stakeholders in identifying the Bank's official corporate details.

Table 4: General Information of Coop bank

Name	Cooperative Bank of Oromia S.C
Commercial Registration Number	KK/AA/3/0001918/2004
NBE License	LBB/008/2004
Date of Registration	October 29, 2004
Headquarter registration Address, Head Office Telephone Number, E-mail Address, and Website	Cooperative Bank of Oromia S.C Addis Ababa, Ethiopia Bole Rwanda, Coopbank Transitional HQ Building P.O Box 16936 E-mail: coopbank@ethionet.et info@coopbankoromia.com.et Website: www.coopbankoromia.com.et Tel: +251 11 515 0229 Fax: +251 11 515 0489 Contact Centre: +251 116 162 711 Contact Center (Short Code): 609
The Authorized Share Capital	ETB 21,000,000,000
Paid-up Capital (as of 30th June 2026)	ETB 12,800,000,000
Total Subscribed Share Amount	ETB 12,800,000,000
Shareholders	29,601
Par Value	ETB 100
Financial Year End	30th June (Gregorian Calendar)
Branches Address	As of the date of this Prospectus, the Bank maintains 698 branches located throughout the country. The contact information for all the branches and regional offices is provided in the accompanying documents of this prospectus.
The Company's Principal Business License registrar	The Ministry of Trade and Regional Integration (MoTRI), and their address is: Bole Sub City Addis Ababa Fax: +251-111151536 Website: https://motri.gov.et

1.2 Persons Responsible for the Information Disclosed

The Board of Directors of the Issuer, and the Chief Executive Officer and the Senior Director of Financial Management (assigned by the Bank's management to approve this Updated Prospectus following the resignation of the Chief Financial Officer on 16 October 2026) and persons performing such functions, accept full responsibility for the information contained in the Prospectus and, to the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information or make the expression of such information or opinion misleading or untrue.

Table 5: Name and Address of persons responsible for this document:

Full Name	Position(s)	Residence Address
Adde Meskerem Debebe W/Mariam	Board Chairperson; Member, Audit Committee	City – Addis Ababa; Sub-City Kolfe Keraniyo; Woreda 09, H.N. 1392
Obbo Abinet Tarekegn Gurmu	Board Deputy Chairperson; Member, Credit Committee	City – Addis Ababa; Sub-City Kolfe Keraniyo; Woreda 04, H.N. New

Full Name	Position(s)	Residence Address
Dr. Fikru Deksisa Sadesso	Board Director; Chairperson, Nomination and Remuneration Committee; Member, Credit Committee	City – Addis Ababa; Sub-City Arada; Woreda 04, H.N. 008
Adde Meseret Assefa Godana	Board Director; Member, Nomination and Remuneration Committee	City – Addis Ababa; Sub-City Kolfe Keraniyo; Woreda 09, H.N. 203
Obbo Jemal Kedir Gelgelu	Board Director; Member, Nomination and Remuneration Committee	City – Addis Ababa; Sub-City Akaki Kality; Woreda 04, H.No. B14
Obbo Dejene Dadi Dika	Board Director; Chairperson, Audit Committee	City – Addis Ababa; Sub-City Lemi Kura; Woreda 10, H.N. New
Obbo Tegistu Shiferaw Tadesse	Board Director; Chairperson, Risk Management and Compliance Committee; Member, Nomination and Remuneration Committee	City – Addis Ababa; Sub-City Yeka; Woreda 09, H.No. 162
Obbo Assefa Sumoro G/Mariam	Independent Board Director; Chairperson, Credit Committee; Member, Risk Management and Compliance Committee	City – Addis Ababa; Sub-City Bole; Woreda 12, H.N. New
Dr. Yeshi Jima Tafa	Independent Board Director; Member, Audit Committee	City – Addis Ababa; Sub-City Bole; Woreda 12, H.N. New
Obbo Deribie Asfaw Hurissa	Board Director; Chief Executive Officer; Member, Credit Committee; Member, Risk Management and Compliance Committee	City – Addis Ababa; Sub-City Kolfe Keraniyo; Woreda 08, H.N. 2399
Obbo Tilahun Tesfaye	Senior Director, Financial Management (assigned to approve this Updated Prospectus following the resignation of the Chief Financial Officer on 16 October 2026)	City – Addis Ababa; Sub-City Akaki Kality; Woreda 02, H.N. 161

1.2.1 Transaction Advisor Responsibility Statement

Ethio Capital Solutions PLC, having its registered office in Addis Ababa, Ethiopia, and duly licensed as an Investment Advisor by the Ethiopian Capital Market Authority (ECMA) under License Number ECMA/CMSP/SIA/004/2017 in accordance with the Capital Market Service Providers Licensing and Supervision Directive No. 980/2024, accepts full responsibility for the information contained in this Prospectus as specifically attributed to it.

Ethio Capital Solutions accept full responsibility for the information provided and consent to its inclusion in the Prospectus and, to the best of our knowledge and belief, have taken all reasonable care to ensure that the information provided is in accordance with the facts and does not omit anything likely to affect the importance of such information or make the expression of such information or opinion misleading or untrue.

Ethio Capital Solutions has been formally contracted by Cooperative Bank of Oromia Share Company to act as its Transaction Advisor for the purpose of this Prospectus. In this capacity, Ethio Capital Solutions have provided advisory services regarding the structuring of the transaction, the preparation of the offering documents, and the coordination of the due diligence process.

Ethio Capital Solutions declare that we have taken all reasonable care, to the best of our knowledge and professional judgment, to ensure that the information for which Ethio Capital Solutions are responsible is in accordance with the facts and contains no omission likely to affect its import. Ethio Capital Solutions have relied upon information provided by Coopbank and its various professional advisers, and have performed the necessary checks as required by the Capital Market Proclamation No. 1248/2021 and the Directives issued by ECMA.

Ethio Capital Solutions PLC confirms that it does not hold any material shareholding in Cooperative Bank of Oromia, nor does it have any interest that would conflict with its ability to provide impartial advice for this transaction.

Ethio Capital Solutions' responsibility is limited to the advisory services rendered and the disclosures expressly attributed to the Transaction Advisor. Ethio Capital Solutions PLC does not accept responsibility for

the financial statements, or legal opinions provided by other independent experts, nor for the commercial success of the investment.

Ethio Capital Solutions hereby consent to the inclusion of our name and references to our role as Transaction Advisor in this Prospectus in the form and context in which they appear.

Table 6: Address of Transaction Advisor

Ethio Capital Solutions PLC
Location: Kirkose sub-city, woreda 10, ORDA Tower at Lagahare, 10th floor room number 1001 and 1002, Addis Ababa, Ethiopia
Telephone: +251 115-57-90-85 and +251 961-77-77-73
Email: info@ethiocapitalsolutions.com.et
Website: https://ethiocapitalsolutions.com.et/

1.2.2 Legal Advisor Responsibility Statement

Mehrteab and Getu Advocates LLP is an Ethiopian law firm duly licensed and authorized to practice law in the Federal Democratic Republic of Ethiopia. The firm holds legal practice license No. 0003/2014, issued on 16-1-2016 and has been licensed to practice law for 11 years.

Mehrteab and Getu Advocates LLP acted as the independent legal advisor to Cooperative Bank of Oromia Share Company in connection with the registration of the Securities described in this Prospectus.

The firm confirms that it has taken all reasonable care to ensure that the information contained in its Legal Opinion is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its overall accuracy.

Mehrteab and Getu Advocates LLP accepts full responsibility for the information it has provided and consents to its inclusion in this Prospectus. To the best of its knowledge and belief, having exercised all reasonable care, the information provided is accurate, complete, and not misleading, and does not omit any material fact that would affect the significance of such information or render any statement misleading or untrue.

Mehrteab and Getu Advocates LLP hereby consents to the inclusion of its name and references to its Legal Opinion in this Prospectus in the form and context in which they appear for the purposes of compliance with the Capital Market Proclamation No. 1248/2021 and the Public Offer and Trading Directive No. 1030/2024.

Mehrteab and Getu Advocates LLP confirms that it does not hold any material shareholding in Cooperative Bank of Oromia Share Company and has no financial or other interest that would impair its independence or create a conflict of interest in providing legal advice in relation to this transaction.

This consent shall not be construed as an admission that the firm is responsible for any part of this Prospectus other than the legal opinions expressly attributed to it. The independent Legal Opinion included or referred to in this Prospectus was issued on 23 July 2026. The Legal Opinion was updated on 31 October 2026.

Table 7: Address of Legal Advisor

Mehrteab and Getu Advocates LLP
Location: Africa Avenue, Dembel City Centre, Elevator 4 Suite No. 8, Addis Ababa, Ethiopia
Telephone: +251 115 15 97 98, +251 115 54 79 38 **Fax:** +251 115 15 98 22
Email: mehrteab@mehrteableul.com
Website: www.mehrteableul.com

1.2.3 External Auditor Responsibility Statement

Kokeb and Melkamu Audit Service LLP

Kokeb and Melkamu Audit Service LLP, acting as the Independent Auditors to Cooperative Bank of Oromia Share Company (AABE Licence No. ADF00012), hereby accepts full responsibility for the financial information contained in the Audited Financial Statements and the Accountants' Report included in this Prospectus and consents to their inclusion herein.

To the best of Kokeb and Melkamu Audit Service knowledge and belief, having taken all reasonable care to ensure that such is the case, the financial information provided is in accordance with the facts, has been accurately reproduced where applicable, and does not omit any material information likely to affect its significance or render any statement, opinion or reproduced information inaccurate, misleading or untrue. Furthermore, as far as Kokeb and Melkamu Audit Service are aware and able to ascertain from information published by us, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Kokeb and Melkamu Audit Service LLP confirms that it is independent of the Issuer in accordance with the ethical requirements applicable to audits of financial statements in Ethiopia.

The audit reports included in this Prospectus were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Standards on Auditing (ISA), as adopted by the Accounting and Auditing Board of Ethiopia (AABE).

Kokeb and Melkamu Audit Service LLP has given, and has not withdrawn before the publication of this Prospectus, its written consent dated 31 October 2026 to the inclusion of its audit reports on the financial statements for the years ended 30 June 2025 (report date 31 October 2025) and 30 June 2026 (report dated 12 October 2026), together with references to its name, in the form and context in which they appear in this Prospectus.

Kokeb and Melkamu Audit Service LLP confirms that neither the firm nor any of its partners, directors, or professional staff engaged in the audit holds any material shareholding, financial interest, beneficial interest, or any other material interest in Cooperative Bank of Oromia Share Company that could impair its independence, objectivity, or create a conflict of interest in connection with the audit engagement.

This responsibility statement is limited solely to the financial information, audit reports expressly attributed to Kokeb and Melkamu Audit Service LLP. The firm accepts no responsibility for any other information contained in this Prospectus, including commercial assessments, forecasts, legal opinions or other statements prepared by the Issuer or other experts.

Table 8: Independent Auditor - FY 2024/2025 and FY 2025/2026

Independent auditor – FY 2024/2025 and FY 2025/2026
Kokeb and Melkamu Audit Service LLP
Location: Addis Ababa, Bole Sub city, 02 woreda, HN 5473/503-511, Africa Avenue, Byslex Building 5th floor
Chartered Certified Accountants /UK/ and Authorized Auditors (Ethiopia)
P.O Box 33645
Telephone: +251-911516146
kokmelk@gmail.com
Addis Ababa, Ethiopia

Independent Auditor – FY 2023/2024 and 2022/2023

Tafesse, Shisema and Ayalew Certified Audit Partnership

Tafesse, Shisema and Ayalew Certified Audit Partnership, acting as the Independent Auditor of Cooperative Bank of Oromia Share Company for the financial years ended 30 June 2023 and 30 June 2024, accepts full responsibility for the financial information contained in the audited financial statements and audit reports prepared by the firm and included or incorporated by reference in this Prospectus.

To the best of its knowledge and belief, having taken all reasonable care, the financial information attributable to the firm is in accordance with the facts, has been accurately reproduced where applicable, and does not omit any material fact likely to affect its significance or render any reproduced information inaccurate or misleading.

Tafesse, Shisema and Ayalew Certified Audit Partnership confirms that it was independent of the Bank throughout the audit engagements in accordance with the ethical requirements applicable in Ethiopia.

The audits were conducted in accordance with the International Standards on Auditing (ISA) and the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Accounting and Auditing Board of Ethiopia.

Tafesse, Shisema and Ayalew Certified Audit Partnership has given, and has not withdrawn prior to publication of this Prospectus, its written consent to the inclusion of its Independent Auditor's Reports relating to the financial years ended 30 June 2023 and 30 June 2024, together with references to its name, in the form and context in which they appear in this Prospectus.

Tafesse, Shisema and Ayalew Certified Audit Partnership confirms that neither the firm nor any of its partners, directors, or professional staff engaged in the audits holds any material shareholding, financial interest, beneficial interest, or any other material interest in Cooperative Bank of Oromia Share Company that could impair its independence, objectivity, or create a conflict of interest in connection with the audit engagements.

This responsibility statement is limited solely to the audited financial statements, audit reports, and other financial information expressly attributed to Tafesse, Shisema and Ayalew Certified Audit Partnership in this Prospectus. The firm accepts no responsibility for any other information, statements, forecasts, opinions, legal analyses, commercial assessments, or disclosures contained in this Prospectus that have been prepared by the Issuer or any other expert.

Independent auditor – FY 2022/2023 *to FY 2023/2024*
Tafesse, Shisema and Ayalew Certified Audit Partnership
Location: Addis Ababa, Bole Sub city, 04 woreda, H.N 411/1-305, 22 Mezoria, Quality Building 3rd Floor
Address: P.O Box 110690, Addis Ababa, Ethiopia
Telephone: +251 930034356
Addis Ababa, Ethiopia

Table 9: Independent auditor – FY 2022/2023 to FY 2023/2024

1.3 Third Party Information

The information presented in this Prospectus regarding macroeconomic conditions, the banking industry, as well as relevant trends, challenges, and prospects, has been sourced or derived from publicly available data released by both governmental and private organizations. The Bank confirms that any other information sourced from third parties and contained and referred to in this Prospectus has been accurately reproduced

in this Prospectus and that there are no facts of which the Bank is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The bank has exercised due care in selecting these sources and believes the information to be accurate and reliable. To the best of the bank's knowledge, all sourced information has been carefully reproduced, no facts have been omitted, and the data has been presented without altering its original intent. The information included in this prospectus has been obtained from various publicly available third-party sources to support the analysis of the industry and the macroeconomic environment affecting it.

In preparing this Prospectus, reference has been made to directives, proclamations, and publications issued by the National Bank of Ethiopia, including Directive No. SBB/91/2024, Directive No. SBB/89/2024, Directive No. SBB/95/2025, and Banking Proclamation No. 1360/2025. Additional information has been derived from publications and reports of reputable local and international institutions, including the International Monetary Fund (IMF), in particular IMF Country Report No. 26/174 (July 2026), the National Bank of Ethiopia, in particular the Governor's statement of Monetary Policy Committee Meeting No. 7 (July 2026), the African Development Bank, the Ethiopian Debt Restructuring Report, the Basel Framework, Addis Insight (Ethiopian Financial Sector), the UNDP's Ethiopian Quarterly Economic Profile.

All third-party sources used in this Prospectus are clearly identified and appropriately cited throughout the document. While the Bank believes these sources to be reliable and credible, it has not independently verified all third-party information contained herein, and such information is presented as sourced from the respective institutions.

1.4 External Auditors

The Bank complied with the Commercial Code of Ethiopia and the relevant directives issued by the NBE in the appointment of the following external auditors. They are selected through a competitive bidding process, conducted in accordance with its internal procurement policies and procedures, and is subsequently appointed by resolution of the shareholders at an Ordinary General Meeting. Each year, the NBE reviews and approves the appointment or reappointment of the external auditor.

The external auditors for the four years of FY 2022/23 to FY 2025/26 financial statements covered in this prospectus have been indicated below.

Table 10: List of External Auditors

Financial Year	External Auditor
2024/25 - 2025/26	Name: Kokeb and Melkamu Audit Service LLP
	Chartered Certified Accountants /UK/ and Authorized Auditors (Ethiopia)
	Location: Addis Ababa, Bole Sub city, 02 woreda, HN 5473/503-511, Africa Avenue, Byslex Building 5th floor
	Telephone: **+251-911516146**
	E-mail: kokmelk@gmail.com
	Addis Ababa, Ethiopia
	AABE License Number: ADF00012 Licence expiry date : February 7/2027
2022/23 - 2023/24	Name: Tafesse, Shisema and Ayalew Certified Audit Partnership
	Chartered Certified Accountants /UK/ and Authorized Auditors
	Location: Addis Ababa, Bole Sub city, 04 woreda, H.N 411/1-305, 22 Mezoria, Quality Building 3rd Floor
	Telephone: +251 930034356
	E-mail: tmsplus@ethionet.et/tafessef@hotmail.com
	Addis Ababa, Ethiopia

Financial Year	External Auditor
	AABE License number: PAF00030 Licence expiry date: February 7/2027

1.5 Summary of the Prospectus

This summary is an introduction to the Prospectus and should be read together with, and in the context of, the other parts of this Prospectus. Any decision by an investor to invest in these Securities should be based on a careful consideration of the Prospectus as a whole, including the risk factors and financial information set out herein.

1.5.1 Key Information about the Bank

Cooperative Bank of Oromia S.C. (referred to as “Coopbank” in this Prospectus) was established in accordance with Article 304 of the Commercial Code of Ethiopia 1960 and licensed by the National Bank of Ethiopia under Banking Business License No LBB/008/2004. The Bank is registered under Commercial Registration No KK/AA/3/0001918/2004.

The Bank was initially established with the objective of expanding financial access to underserved communities, particularly farmers’ unions, cooperatives, and other agriculture-related businesses. Its formation was intended to promote inclusive banking services and support the development of the agricultural sector and cooperative movements in Ethiopia.

The address for the registrar of Coopbank is:

Cooperative Bank of Oromia S.C

Addis Ababa, Ethiopia

Bole Rwanda, Coopbank Transitional HQ Building

P.O Box 16936

E-mail: coopbank@ethionet.et / info@coopbankoromia.com.et

Website: www.coopbankoromia.com.et

Tel: +251 11 515 0229

Fax: +251 11 515 0489

Contact Centre: +251 116 162 711

Contact Center (Short Code): 609

The Bank is domiciled in Ethiopia with the registered office being at Bole-Rwanda, Addis Ababa.

1.5.2 Information about the Business

Cooperative Bank of Oromia Share Company ("Coopbank" or the "Bank") was incorporated on 29 October 2004 and commenced commercial banking operations on 8 March 2005 with an initial paid-up capital of ETB 77.8 million against subscribed capital of ETB 112.0 million. Established by 1,077 founding shareholders and operating through seven branches, the Bank has grown into one of Ethiopia's leading commercial banks, with paid-up capital of ETB 12.8 billion as of 30 June 2026.

The Bank has a broad-based ownership structure comprising 29,601 shareholders, including 7,272 cooperative-based shareholders, 22,161 individual shareholders and 168 institutional shareholders (development organizations, public enterprises, private companies and town administrations), as at 30 June

2026. Reflecting its cooperative foundation, approximately 52.6% of the Bank's paid-up capital is owned by cooperative societies, unions, and federations.

The Bank operates a diversified commercial banking model combining conventional banking, Interest-Free Banking (IFB), and digital financial services. Guided by its Vision 2030 roadmap and the Segment-Led Shift at Scale (S3) strategy, the Bank serves seven principal customer segments: Agriculture and Cooperatives, Retail, MSMEs, Interest-Free Banking, NGOs, Government and Institutions, and Corporate Banking. Its business model integrates traditional banking services with ecosystem-based digital platforms that promote financial inclusion, agricultural finance, MSME development, and digital payments.

Digital innovation forms a core component of the Bank's growth strategy. The Farm Pass platform has connected more than 567,600 farmers, over 1,120 primary cooperatives, and 55 cooperative unions as at 30 June 2026, supporting agricultural value-chain financing and digital service delivery. The Michu digital lending platform has processed over 3.69 million loan applications by 30 June 2026 and had disbursed approximately ETB 59.45 billion cumulatively by 30 June 2026, significantly expanding access to digital credit for individuals and MSMEs. The Bank also operates Coopay-Ebirr, one of Ethiopia's leading mobile money platforms, serving more than 22 million wallet customers and processing more than ETB 6.4 trillion in transaction value in the year ended 30 June 2026.

As of 30 June 2026, the Bank operated 698 branches nationwide, supported by 765 ATMs and Cash Recycling Machines (CRMs) at 30 June 2026, an extensive agent and merchant network, and over 50 Eco Branches powered by renewable energy to extend banking services to rural communities. The Bank serves more than 15.5 million account holders through a workforce of 7,108 permanent employees, supported by 6,221 outsourced personnel (13,329 in total), delivering banking services through an integrated omni-channel platform comprising branches, mobile banking, mobile money, agency banking, digital lending, card banking, and self-service channels.

Pursuant to this Prospectus, the Bank is registering 128 million existing ordinary shares (par value ETB 100 each) and undertaking a rights offering of 82 million new ordinary shares at an offer price of ETB 100.45 per share. Upon full subscription, the Rights Offer is expected to increase the Bank's paid-up capital to approximately ETB 21 billion. The proceeds will strengthen the Bank's capital base, support business expansion, enhance regulatory capital adequacy, accelerate digital transformation, expand lending capacity across strategic business segments, and support the implementation of the Bank's Vision 2030 strategy. The Rights Offer will be distributed exclusively through licensed capital market service providers in accordance with the applicable capital market laws and regulations of Ethiopia.

Cooperative Bank of Oromia S.C. (“Coopbank” or the “Bank”) is a full-service commercial bank established in Ethiopia under the Commercial Code of Ethiopia and licensed by the National Bank of Ethiopia (“NBE”). The Bank operates as a cooperative-oriented financial institution with a strategic focus on financial inclusion, digital banking transformation, MSME financing, agricultural value chains, and cooperative sector development. The registered head office of the Bank is located in Addis Ababa, Ethiopia.

The Bank provides a comprehensive range of banking and financial services to retail customers, cooperatives, MSMEs, corporate clients, institutional customers, government entities, NGOs, and interest-free banking (“IFB”) customers across Ethiopia. Coopbank’s operating model combines conventional banking, cooperative banking principles, and technology-enabled financial services aimed at expanding access to formal financial services throughout urban and rural communities.

The Bank’s principal activities include:

- **Deposit Mobilization:** Providing diversified deposit products including savings, current, fixed deposit, cooperative, and interest-free banking accounts;
- **Credit and Lending Services:** Extending financing solutions to retail, MSME, corporate, agricultural, cooperative, and institutional customers across multiple economic sectors;
- **Trade Finance and International Banking:** Delivering import and export financing, remittance services, foreign exchange operations, and international banking services;
- **Digital Banking and Digital Financial Services:** Offering mobile banking, internet banking, agent banking, merchant acquiring, NON-CRM, POS, and digital lending services, including the Michu digital ecosystem;
- **Transaction and Payment Services:** Facilitating domestic transfers, digital payments, merchant services, and financial transaction processing through integrated banking platforms and digital channels.

As of 30 June 2026, Cooperative Bank of Oromia had established banking outreach infrastructures in Ethiopia, supported by an extensive branch network, agent banking channels, merchant ecosystems, ATMs and CRMs, POS terminals, and digital banking platforms. The Bank has positioned itself as one of the leading banks in agent banking and digital financial service delivery, with agent banking transaction volumes exceeding ETB 1.15 trillion in the year ended 30 June 2026. The Bank's digital ecosystem, including Michu-enabled lending and merchant platforms, supports broad financial inclusion and technology-driven banking operations.

Financially, the Bank has demonstrated substantial growth in assets, deposits, loans, and operational scale over recent years. As of June 2026, total deposits reached approximately ETB 191.436 billion, while the net loan portfolio stood at approximately ETB 141.62 billion (net financing, as reported on the statement of financial position: net conventional loans and advances of ETB 124.97 billion plus net Interest-Free Banking financing of ETB 16.65 billion), reflecting significant expansion in lending activities and customer mobilization capacity. The Bank maintained an overall Non-Performing Loan ("NPL") ratio of approximately 4.94% as at June 2025 and 6.01% as at 30 June 2026 (NPLs of ETB 7,782.70 million against a total outstanding principal loan balance of ETB 129,454.82 million), which is above the 5.0% regulatory maximum referred to in Section 7; the ratio declined to 4.79% as at 30 September 2026 (unaudited), with credit exposure primarily concentrated in corporate, MSME, retail, trade, and agriculture-related financing segments.

The Bank's operations are supported by significant investment in digital transformation, core banking modernization, cybersecurity enhancement, operational automation, and financial ecosystem integration. Coopbank continues to strengthen its capabilities in digital banking, merchant acquiring, agent banking, and fintech-enabled financial service delivery to improve customer experience, operational efficiency, and long-term institutional competitiveness.

In line with its long-term strategic direction, Cooperative Bank of Oromia continues to focus on strengthening capital adequacy, improving operational efficiency, enhancing risk management and governance frameworks, expanding digital financial ecosystems, and supporting sustainable and inclusive economic development across Ethiopia.

1.5.3 Summary of the Rights Offer

I. The Rights Offer

Cooperative Bank of Oromia S.C. is raising capital through a rights issue of 82,000,000 new Ordinary Shares at a fixed price of ETB 100.45 per share, giving expected gross proceeds of ETB 8,236,900,000. Together

with the 128,000,000 existing Ordinary Shares being registered with the Ethiopian Capital Market Authority ("ECMA"), the Bank's issued share capital will rise to 210,000,000 shares on completion. The Bank has, and will continue to have, a single class of shares. The issuance was authorised by shareholders at the 12th Extraordinary General Meeting held on 15 November 2025, under the Capital Market Proclamation No. 1248/2021, the Public Offering and Trading of Securities Directive No. 1030/2024, and the Bank's Memorandum of Association. The registration of existing shares generates no proceeds; all proceeds relate solely to the new shares.

II. Who may Participate

The Rights Offer is made exclusively to Existing Shareholders. No External Investor may subscribe for, acquire or be allotted any Offer Share, and any such application will be rejected in full. In accordance with Article 448(1) and (2) of the Commercial Code and the Public Offer Directive, Existing Shareholders hold Pre-emptive Rights in proportion to their shareholding as at the Record Date, the purpose being to preserve proportional ownership and protect against dilution. Each Existing Share held at the Record Date carries one Right, and the entitlement ratio is 41 new shares for every 64 Existing Shares held (82,000,000 new shares ÷ 128,000,000 Existing Shares = 0.640625). A shareholder's Rights Entitlement is its holding × 41 ÷ 64, rounded down to a whole share; for example, a holder of 1,000 shares may subscribe for 640 new shares (ETB 64,288.00). A shareholder who takes up its full Rights Entitlement keeps, apart from rounding, the same percentage ownership of the Bank after the Offer (see the example under Dilution Risk for Existing Shareholders in Section 1.5.6). A shareholder may exercise these Rights in full or in part, renounce or transfer them to another eligible Existing Shareholder through a licensed broker/dealer or investment bank, or allow them to lapse, in which case they expire at the Offer Closing Date without compensation and the holder is diluted accordingly. A shareholder who has taken up their full entitlement may additionally apply for excess shares; these are not guaranteed and are met only from the Excess Pool, that is, the Offer Shares left after all Rights Entitlements have been allotted, including the fractions removed by rounding. Such unsubscribed shares are allotted to Existing Shareholders who are Ethiopian nationals, whether natural or legal persons, on the register at the Record Date and who applied for excess shares during the Offer Period, in accordance with the allotment policy in Section 8.3.5.

III. Rights attached to the Offer

Each Ordinary Share carries a right to participate in annual net profits and in the net proceeds on winding-up, both calculated in proportion to the holder's share of paid-up capital; voting rights proportional to the capital represented by the holding; and pre-emptive rights on any future increase of capital.

IV. Transferability of Shares

The Ordinary Shares are freely transferable.

No public takeover bid has been made for the Bank's shares during the financial year ended 30 June 2026 or since that date.

V. Pricing and valuation.

The Offer Price is ETB 100.45 per share. This price was set by the Board of Directors at a 30% discount to the fair value of ETB 143.50 per share, which was independently estimated by the Transaction Advisor as at 30 June 2025. In simple terms, existing shareholders are being offered the new shares at a price 30% below what an independent expert considers each share to be worth. The fair value was determined using a combination of internationally accepted valuation methods, including the Bank's expected future earnings and

dividends as well as comparisons with the prices of similar banks and transactions. The discount is intended to encourage shareholders to take up their rights and reward their continued investment in the Bank.

VI. **How to subscribe.**

All applications must be made through a licensed broker/dealer or investment bank authorised by ECMA; applications submitted directly to the Bank will not be accepted, and applications received outside the Offer Period or not complying with the Prospectus will be rejected. A shareholder must first open a brokerage account and satisfy KYC requirements: for individuals, FAYDA ID and TIN (with an Ethiopian passport accepted for non-resident nationals, and a Yellow Card additionally required for foreign nationals of Ethiopian origin); for companies and institutions: the standard corporate documentation including certificate of incorporation, memorandum of association, TIN, board resolution and specimen signatures. All applicants are subject to customer due diligence and anti-money-laundering requirements under Proclamation No. 780/2013 and applicable ECMA and NBE rules. The shareholder must then dematerialise their existing certificated shares into the Central Securities Depository, confirm entitlement with the broker (41 new shares for every 64 held, rounded down), complete the Subscription Form stating Rights exercised and any excess applied for, and pay in full (shares subscribed × ETB 100.45, plus broker commission) into the Offer escrow account before the Closing Date. The minimum application is one share; the maximum is the full Rights Entitlement plus any Excess Application, subject to the NBE 5% ownership cap and the availability of unsubscribed shares.

VII. Dematerialisation.

The 128,000,000 existing shares, held by 29,601 registered shareholders, are currently evidenced by physical certificates and must be converted into electronic CSD records. Shares not yet dematerialised remain recorded in the issuer-side CSD record in the holder's name and retain all attached rights, no share is forfeited, cancelled or diminished, but until conversion is complete the holder cannot transfer or trade on the OTC market, and Rights entitlements or dividends may be delayed. The Bank maintains a shareholder support facility at head office and District Offices. The related risk factor is disclosed in Section 9.

VIII. **Key expected dates** (indicative and subject to regulatory approvals)

Table 11: Summary of Offer Timetable

No.	Event	Expected Date
1	Approval of the Prospectus and registration of the securities by ECMA	5 November 2026 (Updated Prospectus)
2	Publication of the approved Prospectus and notice of the Rights Offer	6 November 2026
3	Record Date for entitlement to the Rights Offer	10 November 2026
4	Offer Period opens (subscription and payment begin, 09:00)	16 November 2026
5	Offer Period closes (last day for subscription and payment, 15:00)	13 February 2027
6	Verification of subscriptions and reconciliation of payments	15 February – 20 February 2027
7	Board approval of the allotment; submission of the Allotment Report to ECMA	25 February 2027
8	ECMA approval of the Allotment Report	On or about 28 February 2027
9	Notification of allotment results; refund of excess subscription monies	1 March – 7 March 2027
10	Issue of the new shares and crediting to subscribers' accounts	On or about March 12, 2027
11	Transfer of proceeds from the escrow account to the Bank	Following crediting to subscribers' accounts

IX. **Allotment Policy**

Applications will be allotted in the following order of priority:

a) **Entitlement Shares:** Every eligible shareholder who validly applies and pays will receive their full entitlement of 41 new shares for every 64 existing shares held, rounded down to the nearest whole share, as of the Record Date (10 November 2026). Entitlement applications are not scaled back, except where required by the NBE 5% ownership cap or KYC/AML requirements.
b) **Excess Shares:** Shares not taken up under entitlements, together with the fractions removed by rounding (the Excess Pool), will be allocated to shareholders who applied for excess shares. If total excess demand does not exceed the Excess Pool, every excess applicant receives the number applied for; otherwise the Excess Pool is shared in proportion to applicants' shareholdings at the Record Date, and no applicant receives more than it applied for (Section 8.3.5). Excess allocation is not guaranteed and may be scaled down or nil, depending on demand.
c) **Fractional Entitlements:** Fractions will be rounded down to the nearest whole share; fractional shares will not be issued or compensated. The shares represented by these fractions are added to the Excess Pool.
d) **Refunds:** Any subscription money paid for shares not allotted will be refunded, without interest and net of applicable bank charges, through the applicant's licensed broker/dealer or investment bank to the account from which payment was made, between 1 March and 7 March 2027, as shown in the timetable (Table 11).
e) **Approval and Issuance:** No shares will be issued or credited until ECMA approves the Allotment Report (on or about 28 February 2027). Shares will then be credited to applicants' CSD accounts, followed by admission to trading.

The full allotment rules, including treatment of invalid or late applications, are set out in Section 8 (Rights Offer) of this Prospectus.

X. Conditions to the Offer.

Completion is conditional on ECMA approval, compliance with applicable National Bank of Ethiopia requirements, achievement of the minimum subscription threshold, and completion of KYC and anti-money-laundering verification for each applicant. The Board has set the minimum subscription at 50% of the total amount offered (41,000,000 Offer Shares; ETB 4,118,450,000). If the minimum subscription is not achieved, the Offer will be cancelled and all application monies will be refunded within 30 days after the announcement of the cancellation.

XI. Use of proceeds.

Approximately 70% of net proceeds will strengthen paid-up capital and the overall capital base, improving capital adequacy and loss-absorption capacity and supporting compliance with the NBE's minimum regulatory capital requirement of 11% effective from 31 December 2026. The remaining 30% will expand the earning asset base — customer loans, trade finance and investment portfolios - enhancing intermediation capacity and supporting priority sectors including MSMEs, agriculture and trade. The Board considers that, if the minimum subscription is achieved, the net proceeds will support the Bank's primary objectives, particularly progress toward Basel III capital and liquidity requirements under the NBE Risk-Based Capital Adequacy Requirement Directive, but that, on the Bank's projections, they would not on their own restore the capital adequacy ratio to the 11% minimum, for which proceeds equivalent to about 53% of the Offer Shares would be required at 31 March 2027 (Section 7.9.2). Any shortfall would be met from existing capital reserves and internally generated funds, with possible subsequent capital raises and adjustments to dividend distributions to maintain regulatory compliance. The Bank's projections of its capital adequacy ratio at 31 December 2026 and 31 March 2027 under 50%, 75% and 100% subscription of the Rights Offer are set out in Section 7.8

(Table 115A); under the 50% scenario the projected ratio remains below 11% after the proceeds are received (10.87% at 31 March 2027, Table 115A; 10.26% at 31 October 2027, Table 112A), and these projections assume growth in risk-weighted assets of about ETB 0.27 billion a month to December 2026 and ETB 1.68 billion a month from January 2027; the Bank intends to restrict growth in risk-weighted assets after October 2026 and to pursue capital-saving measures, the effect of which is not included in the projections. Because the Rights Offer proceeds are expected to be received only after the new shares are credited to subscribers' accounts on or about 12 March 2027 (Table 11), the Bank's capital adequacy ratio is projected to be below the 11% minimum from 31 December 2026, when that minimum takes effect, until the proceeds are received (9.08% at 31 December 2026, Section 7.8, Table 115A; 8.97% at 31 January 2027, Section 7.6, Table 112A).

XII. Underwriting and expenses.

The Rights Offer is not underwritten and no underwriting arrangement has been entered into.

XIII. Rights Offer Expenses

The Bank bears all costs of registering the 128,000,000 existing shares and offering the 82,000,000 new shares, estimated at ETB 36,195,260 in total — comprising transaction advisory (ETB 12,292,350), the ECMA registration fee on existing shares (ETB 12,800,000), the registration fee on offered shares (ETB 8,236,900), legal advisory (ETB 1,500,000), external audit (ETB 667,000), the ECMA application fee (ETB 300,000) and advertising and printing (ETB 399,010).

XIV. Professional parties.

Ethio Capital Solutions PLC acts as Transaction Advisor, Mehrteab and Getu Advocates LLP as Legal Advisor, and Kokeb and Melkamu Audit Service LLP as External Auditor. None holds an interest in the issuer and none has a material conflict of interest. Each has given written consent under Articles 39 and 81 of Directive No. 1030/2024 to the inclusion of its name and reports, and none has withdrawn that consent. The external auditor was appointed through competitive bidding, and the Transaction Advisor's fees are contractual rather than contingent on the success of the raise.

XV. Tax.

Investment is subject to Ethiopian tax law, including the Federal Income Tax Proclamation No. 979/2016 as amended by Proclamation No. 1395/2025. Dividend income is taxed at 15% of the gross dividend for residents, and at the same rate for non-residents where the Ethiopian-source dividend is attributable to a permanent establishment in Ethiopia; dividend tax does not apply where a body distributes to a permanent establishment in Ethiopia or to a resident member of a group of companies. Gains on the disposal of shares are taxed at 15%, the gain being the excess of disposal consideration over cost, adjusted for inflation by 30%. This summary is general information only and does not constitute tax advice.

1.5.4 Summary of Financial Information

The following summary presents selected financial information of Cooperative Bank of Oromia Share Company ("Coopbank" or the "Bank") for the financial years ended 30 June 2023, 30 June 2024, 30 June 2025 and 30 June 2026. The historical financial information has been derived from the Bank's audited financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), the Commercial Code of Ethiopia, 2021, and applicable directives issued by the National Bank of Ethiopia ("NBE").

Unless otherwise stated, amounts are presented in Ethiopian Birr ("ETB") and rounded to the nearest thousand or, where indicated, to the nearest billion. Accordingly, minor rounding differences may occur.

a) Summary of Statement of Profit or Loss

Table 12: Summary of Statement of Profit or Loss (ETB '000)

Particulars	FY2023	FY2024	FY2025	FY2026
Net Interest Income	8,198,203	8,638,044	10,243,301	15,185,339
Net Fees and Commission Income	1,942,445	1,784,453	2,033,515	4,845,103
Net Operating Income	12,718,903	12,708,145	12,755,092	22,981,216
Total Operating Expenses	(9,330,305)	(10,193,662)	(10,774,941)	(14,867,190)
Profit Before Tax	3,388,598	2,514,483	1,980,152	8,114,026
Profit for the Year	2,604,169	1,615,452	1,564,712	6,144,843

Note: FY2023 and FY2024 figures are as originally reported. FY2025 and FY2026 figures follow the audited FY2026 financial statements, in which the FY2025 comparatives have been re-presented (foreign exchange result included in operating income; deferred tax asset netted against deferred tax liability; other assets and other liabilities grossed up). Year-on-year changes and ratios that span FY2024 and FY2025 are computed on the figures as presented.

The Bank's net interest income increased from ETB 8.20 billion in FY2023 to ETB 8.64 billion in FY2024 and further to ETB 10.24 billion in FY2025 and ETB 15.19 billion in FY2026. Net fees and commission income decreased in FY2024 before recovering in FY2025 and rising to ETB 4.85 billion in FY2026. Despite the growth in core operating income, profit before tax and profit for the year declined between FY2023 and FY2025, reflecting, among other factors, the increase in operating expenses and movements in impairment charges and other operating income. In FY2026 profit before tax rose to ETB 8.11 billion and profit for the year to ETB 6.14 billion, helped by a net foreign exchange gain of ETB 3.00 billion (FY2025: loss of ETB 0.53 billion), growth in net interest income and net fees and commission income, partly offset by higher operating expenses and impairment charges.

b) Summary of Statement of Financial Position

Table 13: Summary of Statement of Financial Position (ETB '000)

Particulars	FY2023	FY2024	FY2025	FY2026
Total Assets	140,326,367	139,698,907	197,381,188	224,091,336
Loans and Advances to Customers	83,484,631	81,942,607	98,143,433	124,969,013
Total Deposits*	114,083,590	115,650,387	173,994,300	191,436,477
Total Equity	14,873,949	15,944,133	17,459,978	23,618,258

Note: FY2023 and FY2024 figures are as originally reported. FY2025 and FY2026 figures follow the audited FY2026 financial statements, in which the FY2025 comparatives have been re-presented (foreign exchange result included in operating income; deferred tax asset netted against deferred tax liability; other assets and other liabilities grossed up). Year-on-year changes and ratios that span FY2024 and FY2025 are computed on the figures as presented.

The Bank's financial position remained broadly stable in FY2024 before expanding substantially in FY2025. Total assets increased by 41.3% in FY2025, supported by significant growth in customer deposits and loans and advances. Total equity also increased consistently during the period, strengthening the Bank's capital base. In FY2026 total assets increased by 13.5% to ETB 224.09 billion, loans and advances to customers by 27.3% to ETB 124.97 billion, total deposits by 10.0% to ETB 191.44 billion and total equity by 35.3% to ETB 23.62 billion.

c) Summary of Statement of Cash Flows

Table 14: Summary of Statement of Cash Flows (ETB '000)

Particulars	FY2023	FY2024	FY2025	FY2026
Net Cash Generated from/(Used in) Operating Activities	(1,432,257)	5,432,220	36,404,667	9,369,315

Particulars	FY2023	FY2024	FY2025	FY2026
Net Cash Generated from/(Used in) Investing Activities	(4,528,726)	(3,174,050)	(9,617,056)	(17,682,395)
Net Cash Generated from/(Used in) Financing Activities	4,075,744	(847,121)	(2,686,135)	(234,283)
Net Increase/(Decrease) in Cash and Cash Equivalents	5,949,749	9,596,037	24,101,476	(8,547,363)
Cash and Cash Equivalents at Beginning of Year	9,728,232	15,750,205	17,295,475	41,926,073
Effects of Exchange Rate Movement on Cash and Cash Equivalents	72,225	(215,782)	530,947	(2,996,556)
Cash and Cash Equivalents at End of Year*	15,750,205**	17,295,475	41,926,073	30,382,153

*The small difference ETB 696 in FY 2024 is resulted from impairment loss of the cash and cash equivalent reported by gross impairment where the cash position/balance on the face of Financial Position is reported by net Impairment. In FY 2025 the closing cash per the cash flow statement agrees with the statement of financial position to within ETB 1 (rounding); the cash flow components add to ETB 41,927,898 thousand and closing cash is stated after the ETB 1,825 thousand impairment loss on cash.

**The difference between the FY2023 and FY2024 ending cash and cash equivalents reported in the Statement of Financial Position and the Statement of Cash Flows arose from the non-current cash reserve maintained by the Bank with the National Bank of Ethiopia (NBE). The reserve was classified as non-current and was not available for immediate use; consequently, it was treated differently in the two financial statements.

The Bank's net cash generated from operating activities increased substantially to ETB 36.40 billion in FY2025, compared with ETB 5.43 billion in FY2024. Net cash used in investing activities amounted to ETB 9.62 billion in FY2025, primarily reflecting the purchase and collection of NBE bills and bonds, investments in equity instruments, and expenditure on property, plant and equipment, right-of-use assets, and intangible assets. Financing activities resulted in a net cash outflow of ETB 2.69 billion in FY2025, mainly attributable to the settlement of NBE borrowings, dividend payments and lease liability payments, partly offset by proceeds from the issuance of shares.

Consequently, the Bank recorded a net increase in cash and cash equivalents of ETB 24.10 billion in FY2025, compared with ETB 1.41 billion in FY2024. According to the reported financial statements, cash and cash equivalents at the end of the year amounted to ETB 41.93 billion in FY2025. The closing cash and cash equivalent balances for FY2023 and FY2024 have been reported to ETB 7.92 billion and ETB 9.11 billion, respectively, based on the Audited Cash Flow Financial Statements reflecting NBE reserve balances of ETB 7.8 billion (FY2023) and ETB 8.2 billion (FY2024).

In FY2026, net cash generated from operating activities was ETB 9.37 billion (FY2025: ETB 36.40 billion). Net cash used in investing activities was ETB 17.68 billion, mainly the purchase of NBE bills and bonds (ETB 12.42 billion), property, plant and equipment (ETB 4.03 billion), right-of-use assets (ETB 0.54 billion), equity investments (ETB 0.37 billion) and intangible assets (ETB 0.31 billion). Financing activities resulted in a net cash outflow of ETB 0.23 billion, comprising dividends paid (ETB 0.40 billion) and lease liability payments (ETB 0.12 billion), partly offset by proceeds from the issue of shares (ETB 0.29 billion). After a net decrease in cash and cash equivalents of ETB 8.55 billion and an exchange rate effect of ETB (3.00) billion, cash and cash equivalents at the end of FY2026 amounted to ETB 30.38 billion.

Table 15: Key Ratio Analysis

Key Ratio	FY2023	FY2024	FY2025	FY2026	2023/24 Change	2023/24 Growth	2024/25 Change	2024/25 Growth	2025/26 Change	2025/26 Growth
ROAE	19.90%	10.50%	9.40%	29.92%	-9.40 pp	-47.2%	-1.10 pp	-10.5%	+20.52 pp	+218.3%
ROAA	2.00%	1.20%	0.90%	2.92%	-0.80 pp	-40.0%	-0.30 pp	-25.0%	+2.02 pp	+224.4%

Key Ratio	FY2023	FY2024	FY2025	FY2026	2023/24 Change	2023/24 Growth	2024/25 Change	2024/25 Growth	2025/26 Change	2025/26 Growth
NIM	9.82%	10.54%	10.44%	12.15%	0.72pp	7.33%	-0.1pp	-0.95%	+1.71 pp	+16.4%
Cost-to-Income Ratio	68.15%	76.70%	80.05%	59.52%	+8.55 pp	+12.5%	+3.35 pp	+4.4%	-20.53 pp	-25.6%
CAR	11.80%	11.27%	8.86%	9.00%	-0.53 pp	-4.5%	-2.41 pp	-21.4%	+0.14 pp	+1.6%
Liquidity Ratio	16.80%	18.00%	26.50%	18.46%	+1.20 pp	+7.1%	+8.50 pp	+47.2%	-8.04 pp	-30.3%
NPL Ratio	2.60%	8.00%	4.94%	6.01%	+5.40 pp	+207.7%	-3.06 pp	-38.3%	+1.07 pp	+21.7%
EPS (ETB)	30	15	14	50	-15	-50.0%	-1	-6.7%	+36	+257.1%

Note: FY2023 and FY2024 figures are as originally reported. FY2025 and FY2026 figures follow the audited FY2026 financial statements, in which the FY2025 comparatives have been re-presented (foreign exchange result included in operating income; deferred tax asset netted against deferred tax liability; other assets and other liabilities grossed up). Year-on-year changes and ratios that span FY2024 and FY2025 are computed on the figures as presented.

The Bank's key financial ratios indicate mixed performance over the review period. ROAE declined from 19.9% in FY2023 to 10.5% in FY2024 and further to 9.4% in FY2025 before recovering to 29.9% in FY2026, while ROAA decreased from 2.0% to 1.2% and 0.9% and then rose to 2.9% in FY2026. The decline in profitability ratios to FY2025 reflects the moderation in earnings relative to the Bank's growing equity and asset base; the FY2026 recovery reflects profit for the year of ETB 6.14 billion (FY2025: ETB 1.56 billion), which included a net foreign exchange gain of ETB 3.00 billion.

NIM improved from 9.82% in FY2023 to 10.54% in FY2024 before declining slightly to 10.44% in FY2025 and rising to 12.15% in FY2026. The improvement in FY2024 indicates stronger interest-earnings generation from the Bank's earning assets despite the slowdown in balance-sheet growth that year

The net interest margin is calculated as net interest income divided by closing net conventional loans and advances (FY2026: ETB 15.19 billion over ETB 124.97 billion, or 12.15%), the same basis as FY2023 to FY2025.

The cost-to-income ratio increased from 68.15% in FY2023 to 76.70% in FY2024 and 80.05% in FY2025, indicating increased operating costs relative to income generation, before falling to 59.52% in FY2026, when total operating income rose faster than operating expenses. The increase was particularly pronounced in FY2025 and is consistent with the significant expansion in the Bank's operating expense base. In FY2026 total operating income rose by 85.6% (including a net foreign exchange gain of ETB 3.00 billion) while operating expenses rose by 38.0%.

The CAR declined from 11.8% in FY2023 to 11.27% in FY2024 and 8.86% in FY2025, reflecting the impact of balance-sheet expansion and growth in risk-weighted assets on the Bank's capital position. The CAR improved marginally to 9.00% as at 30 June 2026, compared with a minimum of 8.00% disclosed in Note 4.4 of the audited FY2026 financial statements, and therefore complied with the minimum requirement in force, which applies until 30 December 2026. Under Directive SBB/95/2025 the minimum rises to 11% from 31 December 2026; the ratio of 9.00% at 30 June 2026 is below that forthcoming level, and the Bank's projections of its ratio under the Rights Offer subscription scenarios are set out in Section 7.8 (Table 115A). Because the Rights Offer proceeds are expected to be received only after the new shares are credited to subscribers' accounts on or about 12 March 2027 (Table 11), the Bank's capital adequacy ratio is projected to be below the 11% minimum from 31 December 2026, when that minimum takes effect, until the proceeds are received (9.08% at 31 December 2026, Section 7.8, Table 115A; 8.97% at 31 January 2027, Section 7.6, Table 112A).

In contrast, the liquidity ratio improved from 16.8% in FY2023 to 18.0% in FY2024 and 26.5% in FY2025, indicating a stronger liquidity position in FY2025. This improvement provides greater liquidity capacity to support the Bank's expanding operations and meet short-term obligations.

In FY2026 the liquidity ratio fell to 18.46% (about 18.5%), 8.04 percentage points below FY2025, coinciding with a 27.5% decrease in cash and balances with banks. The ratio is not disclosed in the audited financial statements.

Asset quality showed a mixed but improving trend. The NPL ratio increased from 2.6% in FY2023 to 8.0% in FY2024, before declining to 4.9% in FY2025. The 3.1 percentage-point reduction in FY2025 indicates an improvement in asset quality compared with the previous year, although the ratio remained above the FY2023 level. The NPL ratio rose to 6.01% as at 30 June 2026 (ETB 7,782.70 million against a total outstanding principal loan balance of ETB 129,454.82 million), an increase of 1.1 percentage points on FY2025 and above the 5.0% regulatory maximum; the ratio declined to 4.79% as at 30 September 2026 (unaudited). The NBE regulatory ratio is computed on principal outstanding and principal non-performing amounts, whereas the audited financial statements (Note 4.1) report non-performing loans on a gross Stage 3 (credit-impaired) basis, before loss allowances (7.90% as at 30 June 2026); the two ratios are therefore on different bases and are not comparable.

d) Financial Statements Summary (June 2026)

Table 16: FY2026 Statements Summary:

Selected Indicator	June 2026
Total Operating Income	ETB 24.98 billion
Net Interest Income	ETB 15.19 billion
Net Fees and Commission Income	ETB 4.85 billion
Profit Before Tax	ETB 8.11 billion
Profit for the Year	ETB 6.14 billion
Total Assets	ETB 224.09 billion
Loans and Advances to Customers (net, conventional)	ETB 124.97 billion
Total Net Financing (Loans and Advances plus Interest-Free Financing)	ETB 141.62 billion
Total Equity	ETB 23.62 billion
Cash and Balances with Banks	ETB 30.38 billion
Customer Deposits	ETB 191.44 billion

For the year ended 30 June 2026, the Bank recorded total operating income of approximately ETB 24.98 billion, comprising net interest income of ETB 15.19 billion and net fees and commission income of ETB 4.85 billion, together with other operating income and a net foreign exchange gain. After impairment charges and operating expenses, the Bank reported profit before tax of approximately ETB 8.11 billion and profit for the year of approximately ETB 6.14 billion. Net operating income of ETB 22.98 billion shown in Table 12 is total operating income of ETB 24.98 billion less impairment charges of ETB 2.00 billion; the cost-to-income ratio is calculated on total operating income, before impairment charges.

As at 30 June 2026, the Bank's total assets stood at approximately ETB 224.09 billion, including loans and advances to customers of ETB 124.97 billion and cash and balances with banks of ETB 30.38 billion. Customer deposits amounted to approximately ETB 191.44 billion, while total equity stood at approximately ETB 23.62 billion.

The total net financing portfolio at 30 June 2026, being net conventional loans and advances of ETB 124.97 billion plus net Interest-Free Banking financing of ETB 16.65 billion, was ETB 141.62 billion (Note 4.1(i) of the audited financial statements). Unless otherwise stated, the loan portfolio is presented on this net basis; Sections 2.3.2 and 7.4.8 present gross and principal-based amounts where indicated.

1.5.6. Summary of Key Risk Factors

1.5.6.1. Overview

Investing in the Ordinary Shares of Cooperative Bank of Oromia involves exposure to a broad range of financial, operational, regulatory, technological, capital market, macroeconomic, and ESG-related risks inherent in Ethiopia's evolving financial sector and the Bank's rapidly expanding business model.

Overall, the risks summarized below are not exhaustive and should be read together with the detailed Risk Factors set out in Section 9. The occurrence of any of these risks, individually or collectively, may materially and adversely affect the Company's business, financial condition, results of operations, liquidity position, future prospects, and the value and tradability of the Shares.

1.5.6.2. Concentration Risk

Concentration risk is highly material for Cooperative Bank of Oromia due to its pronounced dependence on a limited set of geographic regions, customer segments, economic sectors, and digital transaction channels. The Bank's funding and lending structures are heavily skewed toward Addis Ababa and Oromia, which together account for approximately 90% of deposits (89.2% at 30 June 2026 on the Bank's district-level data; more than 93% at June 2025) and about 90.7% of lending exposure (Addis Ababa 66.34% and Oromia 24.34% at 30 June 2026; Table 20). In addition, credit exposure is concentrated in a narrow set of sectors, including corporate, trade, MSME, retail, and agriculture, which together represent more than 85% of total loans. The Bank also exhibits operational concentration in its digital ecosystem, where a limited number of high-volume agents and corridors process a disproportionate share of transactions, reinforcing systemic dependency.

The likelihood of adverse concentration outcomes is driven by the Bank's urban-focused growth strategy, sectoral specialization in cooperative and MSME financing, and uneven financial deepening across regions. This structure increases sensitivity to regional economic shocks, sectoral downturns, and operational disruptions in key digital and geographic nodes. The resulting impact may include elevated credit losses, earnings volatility, liquidity pressure, and operational fragility, particularly when stress is concentrated in Addis Ababa and Oromia. Key underlying causes include limited geographic diversification, rapid balance sheet expansion, clustered sectoral lending, and rising dependence on a small number of digital and agent-based channels.

1.5.6.3. Liquidity Risk

Liquidity risk is materially significant due to the Bank's reliance on short-term and concentrated deposits, combined with rapid asset growth that is not fully matched by stable long-term funding sources. As of June 2026, deposits of ETB 191.44 billion (June 2025: ETB 173.99 billion) are highly concentrated in Addis Ababa and Oromia, representing approximately 89.2% of the total funding base on the Bank's district-level data at 30 June 2026 (more than 93% on a regional basis as at June 2025). The Bank's loan portfolio of ETB 141.62 billion (net financing, as reported on the statement of financial position) further reflects strong credit expansion, creating structural maturity mismatches between assets and liabilities. The dominance of transactional and demand deposits increases the volatility of available liquidity buffers. At 30 June 2026, ETB 13.55 billion of the Bank's cash and balances with banks of ETB 30.38 billion was the mandatory cash reserve held with the National Bank of Ethiopia, and ETB 19.82 billion of its ETB 27.50 billion of financial assets at amortized cost was classified as non-current in the audited financial statements (Section 7.6). On the projection in Table 112A, the liquidity ratio would remain above the 15% minimum to October 2027 if deposits grow as assumed, but would fall below 15% by 31 January 2027 if deposits did not grow while lending grew as projected (Section 7.6).

The likelihood of liquidity stress is shaped by maturity mismatches, depositor concentration, and increasing sensitivity to competition and macroeconomic conditions. These factors may translate into funding volatility, higher refinancing needs, and pressure on liquidity buffers, particularly during periods of market stress or deposit migration. The main causes include short-term funding dominance, geographic concentration of deposits, rapid loan growth, and rising digital transaction intensity, which creates real-time liquidity fluctuations across channels. The overall impact may include increased funding costs, reduced margins, operational constraints, and heightened supervisory attention.

1.5.6.4. Strategy Execution Risk

Strategy execution risk is material given the Bank's highly ambitious and multi-dimensional strategic agenda, which includes rapid balance sheet expansion, financial inclusion, MSME financing, cooperative banking leadership, and large-scale digital ecosystem development such as Michu and merchant platforms. Although the Bank has achieved strong asset and outreach growth, there remains a persistent gap between expansion outcomes and profitability, efficiency, and cost optimization indicators. This indicates structural misalignment between strategic intent and execution capacity.

The likelihood of execution inefficiencies is driven by strategic complexity, coordination challenges, and uneven alignment between planning, resource allocation, and operational implementation. These dynamics may lead to reduced return on assets, elevated cost-to-income ratios, and fragmented operational performance across business lines. Key causes include multi-layered strategic priorities, rapid digital scaling, coordination gaps between functions, and resource allocation inefficiencies. The impact may include declining profitability efficiency, operational fragmentation, weakened governance effectiveness, and reduced investor confidence in execution capability.

Uncertainty Regarding Coop Holdings and Strategic Expansion

A specific execution risk relates to the Expansion & Ecosystem element of the Bank's Corporate Strategy for 2025/26–2029/30, which targets five operationalized priority subsidiaries by June 2030. As at the date of this Prospectus, the Bank has not incorporated, acquired or capitalized any subsidiary, and Coop Holdings has not been incorporated and has no legal existence. The proposed holding structure, ownership, business activities, financing arrangements and implementation timetable have not yet been determined or approved by the Bank's Board or shareholders, and, other than the Bank's request for the National Bank of Ethiopia's no-objection to the establishment of an investment bank, which was granted on 24 November 2025 (Section 2.8.7), no application has been submitted to the National Bank of Ethiopia.

Implementation is subject to regulatory approvals and applicable banking laws and directives, availability of sufficient capital and retained earnings, identification of suitable businesses or acquisition targets, and availability of appropriate management capacity and specialist expertise. These factors are uncertain and may be outside the Bank's control.

Accordingly, there can be no assurance that Coop Holdings or any subsidiary will be established, acquired or become operational, or that the FY2029/30 target of five subsidiaries will be achieved. Failure to implement this strategic element could limit the anticipated diversification of revenue and fee income and the development of the Bank's broader ecosystem, potentially affecting its growth, competitive position, results of operations and financial condition. Investors should not attribute any value to Coop Holdings or any prospective subsidiary when considering an investment in the Offer Shares.

The Bank has also committed ETB 323.85 million, held in a blocked account, to the proposed Coop Investment Bank S.C. (Section 2.8.7). The amount was invested by the Bank itself and is recognised as an asset of the Bank: the audited financial statements present it at cost within equity investments (Notes 16 and

16a), although the Bank holds no shares in Coop Investment Bank because no legal entity has been established; for regulatory capital purposes it is classified under other assets and included in risk-weighted assets. On 14 June 2025 the Board of Directors resolved to authorise management to proceed with the registration process for establishing Coop Investment Bank. No legal entity has been established, its Memorandum of Association has not been approved and, other than the National Bank of Ethiopia's no-objection letter of 24 November 2025, no licence or approval has been obtained. There is no assurance that Coop Investment Bank will be established, licensed or become operational, and investors should not attribute any value to it in making a decision to invest in the Offer Shares.

1.5.6.5. Operational, Information Technology, Cybersecurity and Digital Ecosystem Risk

Operational, information technology, cybersecurity and digital ecosystem risks are material due to the Bank's extensive reliance on branch banking, agent banking, mobile and internet banking, merchant acquiring systems, payment platforms, digital lending solutions such as Michu, and third-party technology and fintech service providers. The Bank's increasing transaction volumes and interconnected digital infrastructure increase its exposure to system failures, processing errors, cybersecurity incidents, fraud, data breaches, telecommunications disruptions, technology integration failures and third-party service interruptions.

The likelihood of these risks is driven by increasing technology dependence, system complexity, reliance on external service providers, rapid digital expansion, and the use of automated credit assessment and digital onboarding processes. Failures in internal processes, technology infrastructure, cybersecurity controls, third-party systems, or digital lending models may result in service disruption, financial losses, inappropriate lending decisions, regulatory action, customer claims and reputational damage.

The impact may include interruption of banking services, increased operating and remediation costs, credit losses, regulatory scrutiny, legal liabilities, customer confidence concerns and reputational damage. Given the Bank's increasing dependence on digital and technology-enabled financial services, prolonged disruption or material weaknesses in these areas could adversely affect the Bank's operations, financial performance and strategic objectives.

1.5.6.6. Capital Adequacy Risk

Capital adequacy risk is materially significant due to the Bank's rapid balance sheet expansion, increasing risk-weighted assets, and the need for capital growth to keep pace with its expanding business activities. The Bank's Capital Adequacy Ratio (CAR) declined from 11.8% as at June 2023 to 11.27% as at June 2024 and further to 8.86% as at June 2025. As at June 2026, the CAR stood at 9.00%, indicating continued pressure on the Bank's capital position relative to its risk-weighted assets. In addition, the minimum regulatory CAR requirement is scheduled to increase to 11.0% effective 31 December 2026, which may increase the Bank's capital requirements and require additional capital strengthening to support continued balance sheet growth while maintaining regulatory compliance. The Bank's projections of its capital adequacy ratio at 31 December 2026 and 31 March 2027 under 50%, 75% and 100% subscription of the Rights Offer are set out in Section 7.8 (Table 115A). Because the Rights Offer proceeds are expected to be received only after the new shares are credited to subscribers' accounts on or about 12 March 2027 (Table 11), the Bank's capital adequacy ratio is projected to be below the 11% minimum from 31 December 2026, when that minimum takes effect, until the proceeds are received (9.08% at 31 December 2026, Section 7.8, Table 115A; 8.97% at 31 January 2027, Section 7.6, Table 112A).

The declining CAR trend indicates that the growth in the Bank's risk-weighted assets has outpaced the growth in its regulatory capital during the period under review. Accordingly, the Bank may need to strengthen its capital base through retained earnings, shareholder contributions, the proposed Rights Offer and other capital

management measures to support future asset growth and maintain compliance with the applicable regulatory requirements.

The likelihood of capital pressure is driven by rapid credit and risk-weighted asset growth, provisioning requirements arising from credit deterioration, operating cost pressures and constrained internal capital generation. The impact may include the need to raise additional capital, retain a greater proportion of earnings, reduce asset growth, or rebalance the portfolio, as well as potential restrictions on dividends, lending expansion and other strategic initiatives. Failure to maintain adequate capital buffers may also result in enhanced supervisory attention and adversely affect investor and depositor confidence.

1.5.6.7. Credit Risk

Credit risk is highly material due to the Bank's large and rapidly expanding loan portfolio of ETB 141.62 billion (net financing, as reported on the statement of financial position) and uneven asset quality across segments. The portfolio is concentrated in corporate lending (47.29% of loans as at 30 June 2026; 53.63% as at 30 June 2025), trade-related activities (38%–42%), and higher-risk segments such as retail (NPL ratio 8.36%) and MSME (7.30%). The overall NPL ratio was 6.01% as at 30 June 2026 (NBE basis); the segment NPL ratios quoted are as at 30 June 2026 (Table 21). As at 30 June 2026, MSME and retail accounted for 14.91% and 16.30% of total NPLs against loan shares of 12.27% and 11.72%, respectively. This creates significant sensitivity to borrower default risk and sectoral economic cycles.

The likelihood of credit deterioration is driven by borrower vulnerability, sectoral exposure, and rapid lending expansion that has in some cases outpaced underwriting and monitoring capacity. These factors may lead to increased defaults, provisioning pressure, and reduced interest income. Key causes include weak borrower financial capacity, limited collateral strength in MSME segments, macroeconomic sensitivity, and geographic concentration. The impact may include profitability erosion, capital pressure, regulatory tightening, and weakened asset quality perception.

1.5.6.8. Under-Subscription Risk

Under-subscription risk is materially significant because the Bank seeks to raise more than ETB 8.2 billion in capital, with at least 50% of the targeted amount required to support regulatory capital adequacy and strategic objectives. The risk is heightened by the developing nature of Ethiopia's capital market, limited institutional investor depth, low retail participation, limited secondary-market liquidity, macroeconomic constraints, and uncertainty regarding valuation and investor appetite.

In addition, recent profitability and efficiency pressures, including rising operating costs and concerns regarding the efficiency of rapid expansion, may influence investor demand. If the Offer is under-subscribed, the Bank may face a capital funding shortfall, potentially constraining regulatory compliance, balance sheet growth and strategic initiatives and increasing reliance on alternative, potentially more expensive, funding sources. On the Bank's projections, if only the minimum (50%) subscription is achieved, the capital adequacy ratio would remain below the 11% minimum after the proceeds are received (10.87% at 31 March 2027 on the Bank's projection and 10.26% at 31 October 2027 on the projection in Table 112A) unless growth in risk-weighted assets is restricted (Section 7.8, Table 115A).

1.5.6.9. Regulatory, Supervisory and Enforcement Action Risk

The Bank is subject to concurrent supervision by ECMA, with power to impose penalties and require remedial action. Specific exposures include the uncertain regulatory treatment of certain historical share issuances effected before the current securities registration regime took effect (Section 7.10.5), which may result in ECMA requiring regularisation, imposing administrative measures, or delaying approval of the Offer. Adverse regulatory action could result in penalties, increased compliance costs and reputational damage.

1.5.6.10. Regulatory Approval and Compliance Risk

Regulatory approval and compliance risk is highly material because the capital raising process depends on multiple regulatory bodies, including ECMA and NBE, within an evolving regulatory framework. The novelty of public equity issuance in the banking sector increases procedural uncertainty and sensitivity to compliance completeness and timing.

The likelihood of delay or restriction is driven by evolving regulatory interpretations, documentation requirements, coordination challenges, and increasing prudential standards. These factors may slow or complicate capital mobilization processes. Key causes include regulatory complexity, institutional coordination gaps, and evolving disclosure requirements. The impact may include delayed capital raising, increased compliance costs, reputational pressure, and constrained strategic execution timelines.

1.5.6.11. Share's Market Price and Offer Price Mismatch Risk

Share price and offer price mismatch risk is materially significant due to limited market comparability, lack of historical valuation benchmarks, and high sensitivity of banking sector valuation to profitability and cost efficiency trends. The emerging nature of Ethiopia's capital market increases uncertainty in pricing expectations.

The likelihood of valuation mismatch is driven by information asymmetry, market immaturity, exchange rate volatility, and fluctuating investor sentiment. These factors may lead to misalignment between intrinsic value perception and offer pricing. Key causes include limited analyst coverage, weak pricing benchmarks, macroeconomic volatility, and sector profitability concerns. The impact may include weak subscription demand, post-listing volatility, reputational pressure, and reduced future fundraising flexibility.

1.5.6.12. Dilution Risk for Existing Shareholders

Existing shareholders who do not fully exercise their Pre-emptive (Preferred) Right of Subscription under this Offer may experience dilution of their ownership interests in the Bank.

If an eligible shareholder elects not to subscribe for all or part of the new shares allocated under the Offer, and those shares are subscribed for by other existing shareholders, the non-participating shareholder's percentage ownership in the Bank will decrease. As a result, such shareholder's proportionate voting rights, entitlement to future dividends and participation in future distributions may be reduced.

Conversely, a shareholder who takes up its full Rights Entitlement keeps, apart from rounding, the same percentage ownership: for example, a holder of 1% of the Existing Shares (1,280,000 shares) who subscribes for its full entitlement of 820,000 Offer Shares will hold 2,100,000 of the 210,000,000 shares in issue after a fully subscribed Offer, that is, still 1%.

The extent of dilution will depend on the level of participation by existing shareholders and the number of new shares ultimately issued under the Offer. Shareholders who do not participate may therefore have less influence over shareholder decisions requiring shareholder approval and may experience a reduction in their relative economic interest in the Bank.

1.5.6.13. Regulatory and Policy Change Risk

Regulatory and policy change risk is highly material due to the Bank's exposure to a rapidly evolving financial sector regulatory environment governed by the National Bank of Ethiopia (NBE) and emerging capital market authorities. The Bank operates in a policy-sensitive environment shaped by ongoing reforms in monetary policy, capital adequacy frameworks, foreign exchange regulation, digital finance oversight, and ESG-related

governance requirements. Given the scale of Coopbank's digital transformation, MSME financing, and inclusive finance strategy, regulatory exposure is structurally high and continuously expanding.

The likelihood of regulatory shifts affecting operations is driven by ongoing prudential tightening, Basel-aligned reforms, foreign exchange regime adjustments, and increased oversight of digital financial services and fintech partnerships. These dynamics may lead to higher compliance costs, operational restructuring needs, and constraints on product innovation and lending expansion. Key causes include evolving regulatory frameworks, increasing supervisory intensity, digital finance regulation expansion, and macroeconomic policy adjustments. The impact may include reduced profitability flexibility, slower strategic execution, compliance burden increases, and potential limitations on growth initiatives.

1.5.6.14. ESG Risk

ESG risk is increasingly material due to the Bank's significant exposure to environmentally and socially sensitive sectors such as agriculture, construction, trade, transport, MSMEs, and cooperative financing, combined with its expanding digital financial ecosystem. The Bank's operational footprint and lending portfolio inherently embed climate, social, and governance-related sensitivities, particularly through agriculture-linked financing and digital inclusion initiatives such as Michu-enabled platforms.

The likelihood of ESG-related risk exposure is driven by climate variability, increasing regulatory expectations on sustainable finance, rising customer protection requirements in digital ecosystems, and evolving governance standards in the financial sector. These factors may affect asset quality, compliance obligations, and reputational standing. Key causes include climate change impacts on agriculture borrowers, weak ESG integration in credit assessment, digital financial inclusion risks, and increasing regulatory and investor expectations. The impact may include higher credit losses in climate-exposed portfolios, reputational pressure, regulatory scrutiny, reduced access to sustainable finance, and weakened long-term investor confidence.

1.5.6.15. Dematerialization Risk

Dematerialization risk is material because the Offer and subsequent OTC trading depend on the successful conversion of the Bank's physical share records into electronic book-entry form through the relevant central securities depository.

The likelihood of delay is driven by the operational complexity of the conversion process and dependence on the depository and its participants. The impact may include delayed shareholder access to dematerialized holdings, register discrepancies, and reputational and operational consequences for the Bank.

1.5.6.16. Foreign-Exchange Gain Dependency Risk

For the year ended 30 June 2026, the Bank's net foreign-exchange gain of ETB 3.00 billion accounted for approximately 37% of its profit before tax of ETB 8.11 billion, and fees from foreign-currency transactions accounted for ETB 4.33 billion of gross fee and commission income of ETB 5.60 billion. The FY2026 net foreign-exchange result comprises gains arising both from foreign-currency transactions and from the revaluation of foreign-currency assets and liabilities, and the Bank's net open foreign-currency position was ETB 2.50 billion long at 30 June 2026. The sustainability of these gains depends on foreign-exchange availability, allocation mechanisms, exchange-rate movements, transaction volumes and regulatory directives. A decline in foreign-exchange income without a corresponding improvement in net interest income and other recurring income could weaken profitability and increase earnings volatility (Section 9).

1.5.6.17. Orologo Investment Risk

The Bank's ETB 15 million investment in Orologo Prefabricated PLC, a 20% associate that never commenced operations, is subject to a court-ordered dissolution with effect from 4 Tir 2018 (approximately 12 January 2026), and no accountant has yet been appointed to close the company's accounts. The investment remains recorded at cost, and it may be fully impaired, with no recovery expected; the final recoverable amount and any write-off will depend on the conclusion of the liquidation (Sections 2.8.3 and 9).

1.5.6.18. Dividend Distribution and Liquidity Risk

The General Assembly held on 17 October 2026 approved a FY2026 dividend of ETB 3,351,196 thousand (54.5% of profit for the year), and resolved that shareholders may take the dividend in cash or apply it to subscribe for Offer Shares in this Rights Offer (Table 81); 61.76% of the FY2025 dividend was capitalised. The portion taken in cash is an irrevocable cash outflow that reduces the Bank's liquid asset buffer and, unlike capitalised dividends, does not increase paid-up capital. The FY2026 profit includes the net foreign-exchange gain described above, part of which arises from the revaluation of foreign-currency assets and liabilities and has not been received in cash. The cash dividend and the related income tax reduce the Bank's liquid assets; the Bank's projected liquidity after these payments is set out in Table 112A (Section 7.6; see also Section 9), which assumes, as the maximum outflow, that the whole dividend is paid in cash.

SECTION TWO

2 INFORMATION ON THE ISSUER AND THE BUSINESS

2.1 Information on the Issuer

2.1.1 Name and Domicile of the Issuer

The legal and commercial name of the Issuer is Cooperative Bank of Oromia Share Company ("Cooperative Bank of Oromia Share Company", "Coopbank", the "Bank" or the "Company).

The Bank is incorporated and domiciled in the Federal Democratic Republic of Ethiopia and operates in accordance with the applicable laws and regulations governing banking institutions in Ethiopia, including the Banking Business Proclamation No. 1360/2025 and directives issued by the National Bank of Ethiopia ("NBE").

The Bank is formally incorporated as a share company under the Commercial Code of Ethiopia and is licensed by the National Bank of Ethiopia to undertake commercial banking operations under Banking Business License Number LBB/008/2004.

The Bank is registered under Commercial Registration Number KK/AA/3/0001918/2004.

The registered address of the Bank is:

- **Cooperative Bank of Oromia Share Company Head Office**
  - Cooperative Bank of Oromia S.C
  - Addis Ababa, Ethiopia
  - Bole Rwanda, Coopbank Transitional HQ Building
  - P.O Box 16936
  - E-mail: coopbank@ethionet.et / info@coopbankoromia.com.et
  - Website: www.coopbankoromia.com.et
  - Tel: +251 11 515 0229
  - Fax: +251 11 515 0489
  - Contact Centre: +251 116 162 711
    Contact Center (Short Code): 609

2.1.2 Details of the Issuer's Incorporation

Cooperative Bank of Oromia Share Company was incorporated in the Federal Democratic Republic of Ethiopia in accordance with the Ethiopian Commercial Code governing share companies to provide commercial banking services with particular emphasis on financial inclusion, cooperative financing, agricultural finance, MSME development, and banking services for underserved communities.

The key incorporation details are as follows:

- Country of Incorporation: Federal Democratic Republic of Ethiopia
- Date of Incorporation: October 29, 2004 G.C
- Date of Commencement of Operations: March 08, 2005
- Commercial Registration Number: KK/AA/3/0001918/2004
- Banking Business License Number: LBB/008/2004

At commencement of operations, the Bank had:

- Authorized Capital: ETB 300,000,000
- Subscribed Capital: ETB 112,041,800

- Paid-up Capital: ETB 77,816,953.29
- Founding Shareholders: 1,077

The Bank commenced operations through seven branches located in Addis Ababa and Oromia Regional State.

Since its establishment, the Bank has expanded its operations, capital base, shareholder base, branch network, digital banking services, and product offerings. As of the date of this Prospectus, the Bank has the following capital structure:

- Authorized Share Capital: ETB 21,000,000,000.
- Issued and Fully Paid-up Share Capital: ETB 12,800,000,000, represented by 128,000,000 fully paid ordinary shares.
- Current Shareholders: 29,601 (as at 30 June 2026).

The Bank has only one class of equity securities, namely ordinary shares, all of which rank equally in all respects. The Bank has not issued any preference shares or any other class of equity securities.

2.1.3 History and Development of the Issuer

Cooperative Bank of Oromia was established to promote cooperative-based financial services and expand access to formal banking services throughout Ethiopia. Since its establishment, the Bank has experienced significant institutional, operational, financial, and technological growth.

Major milestones in the Bank's development include:

- **2002** – Establishment of a project office to promote cooperative-based financial services and financial inclusion.
- **October 29, 2004** – Incorporation of Cooperative Bank of Oromia Share Company under the Ethiopian Commercial Code.
- **March 08, 2005** – Commencement of commercial banking operations with 1,077 founding shareholders, subscribed capital of ETB 112.0 million, paid-up capital of ETB 77.8 million, and seven branches.
- **2006–2017** – Progressive expansion of branch network and banking operations across Ethiopia.
- **2012** – Introduction of electronic banking services, including mobile banking, internet banking, and electronic payment services.
- **2018** – Expansion of digital banking services and financial inclusion initiatives targeting rural communities and underserved market segments.
- **2023** – Strengthening of cooperative banking, agricultural finance, MSME banking, digital financial services, cybersecurity, and core banking infrastructure.
- **2023** – Launch of Michu Digital Lending Platform, Farm Pass agricultural platform, and SACCO Link core banking solution.
- **2024** – Expansion of Coopay-Ebirr digital payment services, deployment of Cash Recycling Machines (CRM), and rollout of Eco-Branch initiatives.
- **March 2025** – Mobilized approximately ETB 25.3 billion in deposits during the Bank's 20th Anniversary Campaign.

2.1.4 Group Structure and Significant Subsidiaries

As at the date of this Prospectus, the Bank is not part of a corporate group and does not have any subsidiaries (whether significant or otherwise). Accordingly, there are no subsidiaries for which ownership interests or voting rights are required to be disclosed. The Bank's investments are limited to the minority equity investments and the 20% associate interest described in Section 2.8 and the amount of ETB 323.85 million committed to the Coop Investment Bank project under formation (Section 2.8.7; no legal entity has been established), none of which is a subsidiary of the Bank and none of which confers control over the investee.

Strategic Intention Regarding Coop Holdings and Future Subsidiaries

The Bank's Corporate Strategy for 2025/26 to 2029/30 (the "Segment-Led Shift @ Scale" Winning Strategy) includes, under Strategic Pillar E (Expansion & Ecosystem), the strategic objective "Build and Scale Coop Holdings and Subsidiaries" and the key performance indicator "Number of Operationalized Priority Subsidiaries". As presented in Section 2.2.1, this indicator has a baseline of zero as at June 2025 and June 2026 and a target of five priority subsidiaries by June 2030. References in this Prospectus to the operationalization of subsidiaries relate solely to this forward-looking strategic objective.

As at the date of this Prospectus, the Bank has not incorporated, acquired or capitalized any subsidiary, and no subsidiary has commenced operations. The Bank's position in respect of the intended holding structure is as follows:

- *Meaning of "Coop Holdings":* "Coop Holdings" is the working name used in the Bank's Corporate Strategy for a proposed vehicle through which the Bank would in future hold interests in non-banking businesses. It is not an existing legal entity. It has not been incorporated or registered with any authority, and it has no capital, assets, liabilities, employees, operations or financial statements. References in this Prospectus to "Coop Holdings" are references to that strategic concept only and not to any existing company, and no financial or other information relating to Coop Holdings is capable of being presented in this Prospectus.
- *Intended holding structure and ownership:* The Bank has not determined the legal form of Coop Holdings or the ownership of it. In particular, the Bank has not decided whether Coop Holdings would be incorporated as a subsidiary of the Bank, held directly by the shareholders of the Bank alongside the Bank, or established in some other form; what proportion of the shares and voting rights in Coop Holdings or in any subsidiary the Bank would hold; whether any subsidiary would be held directly by the Bank or indirectly through Coop Holdings; or whether the investments described in Section 2.8 would be transferred into any such structure. No resolution has been passed by the Board of Directors or the shareholders of the Bank in respect of any of these matters as at the date of this Prospectus; the Board's resolution of 14 June 2025 authorising management to proceed with the registration process for establishing Coop Investment Bank (Section 2.8.7) did not settle the ownership structure of that company.
- *Priority business areas:* The Corporate Strategy does not identify the business areas in which the five priority subsidiaries referred to above would operate, and the Bank has not selected those business areas. The Bank has not identified any acquisition target and is not a party to any agreement, memorandum of understanding, letter of intent or negotiation in respect of the establishment or acquisition of any subsidiary.
- *Status of approvals and timing:* No formal establishment has taken place and none is guaranteed to take place. The Bank has not submitted any application to the National Bank of Ethiopia in respect of the establishment or acquisition of any subsidiary, and has not fixed a timetable for doing so.

- *Capital and funding:* Any investment in subsidiaries is expected to be funded from retained earnings and internally generated capital, as described in Section 2.8.6, and not from material external borrowing. No part of the proceeds of the Offer is allocated to the establishment or acquisition of subsidiaries; this is consistent with the Use of Proceeds section under 8.5.2.

The establishment or acquisition of any subsidiary will be subject to the approvals of the Bank's Board of Directors and shareholders where required, the National Bank of Ethiopia and any other competent authority under the Banking Business Proclamation No. 1360/2025 and other applicable laws and directives, including any applicable limits on the investments a bank may make in other undertakings. The Bank will disclose the establishment of any subsidiary, and the resulting group structure and consolidation implications, in accordance with its continuing disclosure obligations to the Ethiopian Capital Market Authority.

The statements in this sub-section are statements of strategic intent and are forward-looking. They are not a plan, commitment, undertaking or representation that Coop Holdings or any subsidiary will be established or acquired, that any particular holding structure will be adopted, or that the FY2029/30 target of five operationalized priority subsidiaries will be achieved. Investors should not assume that any of these matters will occur and should not place reliance on them in making an investment decision. These statements should be read together with Section 2.2.1 (Business Strategy and Objectives).

2.1.5 Recent Events Materially Relevant to the Issuer's Solvency

On the Bank's projections, its capital adequacy ratio will be below the minimum of 11% that takes effect on 31 December 2026 from that date until the Rights Offer proceeds are received after the new shares are credited on or about 12 March 2027 (9.08% at 31 December 2026, a shortfall of approximately ETB 3.74 billion, and 8.82% at 31 March 2027 if no proceeds were received, a shortfall of approximately ETB 4.36 billion). After receipt of the proceeds the ratio is projected at 10.87% at 31 March 2027 under the minimum (50%) subscription, still below 11%, and at 11.90% and 12.92% under 75% and 100% subscription; proceeds equivalent to about 53% of the Offer Shares would be required for the ratio to reach 11% at that date. While the ratio is below 11%, the capital adequacy restriction on the declaration of dividends applies (Section 5.4.8). The projections, their assumptions and the Bank's capital measures are set out in Sections 7.6, 7.8 and 7.9 (Tables 112A, 115A and 115B).

Apart from the capital adequacy position described above, no other events have been identified that are materially relevant to an evaluation of the Bank's solvency and that have not already been disclosed in other sections of this Prospectus. The following developments since the Prospectus dated September 23/2026 are disclosed for completeness: the resignation of the Chief Financial Officer, Obbo Muluneh Aboye, on 16 October 2026, and the assignment of the Senior Director of Financial Management, Obbo Tilahun Tesfaye, to approve this Updated Prospectus (Section 4); and the Coop Investment Bank project under formation, to which the Bank has committed ETB 323.85 million, held in a blocked account (no legal entity has been established) (Section 2.8.7). The General Assembly held on 17 October 2026 also approved a FY2026 dividend of ETB 3,351,196 thousand and resolved that shareholders may take the dividend in cash or apply it to subscribe for Offer Shares in this Rights Offer (Table 81).

2.2 Business Overview

Cooperative Bank of Oromia Share Company ("Cooperative Bank of Oromia", "Coopbank", or the "Bank") is a commercial bank incorporated under the laws of the Federal Democratic Republic of Ethiopia and licensed

by the National Bank of Ethiopia ("NBE") to undertake commercial banking business in accordance with the Banking Business Proclamation No. 1360/2025 and applicable directives issued by the NBE.

The Bank operates as a financial intermediary by mobilizing deposits from individuals and institutions and channeling these financial resources into productive sectors of the economy through loans and advances. Deposit mobilization and lending constitute the Bank's core banking activities and its primary source of income is interest earned on loans and advances extended to customers.

In addition to domestic banking services, the Bank conducts international banking operations that facilitate Ethiopia's international trade. The Bank provides foreign exchange services to importers for the settlement of international trade obligations, including the issuance and administration of Letters of Credit (LCs), documentary collections, foreign transfers, and other trade finance instruments. The Bank also provides local currency financing and banking services to exporters to facilitate export production and trade activities. Through export proceeds and foreign remittance inflows, the Bank mobilizes foreign currency liquidity that supports its foreign exchange operations. Revenue from international banking activities is generated primarily through foreign exchange trading margins, commissions on foreign exchange transactions, trade finance fees, and other international banking service charges.

The Bank also provides a broad range of digital financial services that enable secure and efficient financial transactions among customers, merchants, businesses, and institutions. These services facilitate person-to-person (P2P), person-to-business (P2B), business-to-person (B2P), and business-to-business (B2B) transactions across multiple payment channels. Revenue from digital financial services is generated principally through transaction fees, service charges, merchant acquiring fees, digital payment commissions, and other electronic banking service fees.

To effectively serve the diverse financial needs of the Ethiopian economy, the Bank has adopted a market-segmented banking model known as **ARMINGC**, through which products and services are tailored to the requirements of seven principal customer segments:

- **Agriculture (A):** Farmers, agribusinesses, agricultural cooperatives, unions, and value chain participants.
- **Retail (R):** Individual customers and households.
- **Micro, Small and Medium Enterprises (M):** MSMEs operating across various sectors of the economy.
- **IFB (I):** Interest Free banking segment.
- **Non-Governmental Organizations (N):** Domestic and international development organizations.
- **Government (G):** Federal, regional, and local government institutions and public sector entities.
- **Corporate (C):** Large private companies, manufacturing enterprises, commercial businesses, and other corporate customers.

The Bank delivers its products and services through an integrated omni-channel banking model that combines physical banking infrastructure with digital financial service platforms. As of 30 June 2026, the Bank operated:

- 698 branches nationwide;
- 765 ATMs and Cash Recycling Machines (CRMs) as at 30 June 2026;
- Coopay-Ebirr mobile money platform;
- Coop App mobile banking platform;
- Card banking services;

- Michu digital lending platform; and
- Agency banking services;

These delivery channels provide customers across all market segments with access to deposit services, financing solutions, domestic and international payment services, digital financial services, trade finance, foreign exchange services, and other banking products through both physical and digital platforms.

The Bank's integrated business model enables it to diversify its sources of income across interest income, fee and commission income, foreign exchange income, and digital transaction income while supporting financial inclusion, facilitating domestic and international trade, and contributing to Ethiopia's economic development.

The Bank's business activities, operational priorities, and transformation initiatives are guided by its approved Strategic Plan, which provides the overarching framework for achieving its strategic aspirations. The Strategic Plan establishes the Bank's key priorities, growth objectives, and value creation agenda, ensuring that all planning, resource allocation, and performance management activities are aligned with its strategic direction.

For effective implementation purposes, the Bank translates the objectives and initiatives contained in its Strategic Plan into annual operational plan with the set of specific assumptions. These Operational plans specify the activities and priorities to be undertaken during each operational year and are used by management to implement, monitor, and assess progress against the Bank's strategic objectives. The quarterly action plans are therefore the primary operational mechanism through which the Bank implements its Strategic Plan.

2.2.1 Business Strategy and Objectives

Cooperative Bank of Oromia has adopted a Corporate Strategy covering the period 2025/26 to 2029/30, which establishes the Bank's long-term strategic direction for sustainable growth, institutional transformation, financial inclusion, digital innovation, and value creation for shareholders and customers.

The strategy is referred to as the **"Segment-Led Shift @ Scale" Winning Strategy** and is intended to guide the Bank's business priorities and strategic initiatives throughout the strategy period.

The strategy is based on the ODAA Strategy Model, which draws on principles associated with the Gadaa system, including long-term orientation, intergenerational stewardship, alignment, coherence, and integration with the communities served by the Bank. These principles are reflected in the Bank's strategic approach to sustainable institutional development, financial inclusion, community engagement, and long-term value creation.

The Bank's strategic framework comprises its core values, purpose, vision, mission, strategic pillars, strategic objectives, and key performance indicators, which collectively provide the framework for the implementation and monitoring of its strategic direction.

Corporate Purpose

The Bank's corporate purpose is:

"Empowering Community, Transforming Lives."

The Bank seeks to advance this purpose through financial inclusion, sustainable economic development, community engagement, and socio-economic empowerment. The purpose reflects the Bank's cooperative heritage and its focus on expanding access to financial services and supporting individuals, businesses, communities, and productive economic activities.

Vision

The Bank's long-term vision is expressed as:

"Transforming Coopbank into a Trillion-Birr Asset, Financial Powerhouse."

The vision represents the Bank's long-term growth aspiration and provides the overarching direction for its financial, operational, technological, customer, human capital, and ecosystem development initiatives.

Mission

The Bank's mission is:

"Redefine the banking experience to bank smarter and live better."

The mission reflects the Bank's focus on improving the delivery of banking services through customer-oriented, accessible, efficient, and technology-enabled financial solutions.

Core Values

The Bank's core values are represented by the acronym **SHIFT**, comprising:

- **Stewardship** – responsible management of the Bank's resources, relationships, and reputation, with consideration of long-term impact;
- **Hospitable** – providing customers and stakeholders with respectful, welcoming, and inclusive service;
- **Integrity** – maintaining ethical conduct and adherence to appropriate standards in decision-making and business activities;
- **Futuristic** – maintaining a forward-looking approach to innovation, technology, and business development; and
- **Teamwork** – promoting collaboration, coordination, and collective responsibility in achieving organizational objectives.

Strategic Framework

The Bank's strategic framework is organized around five strategic pillars under the **SCALE** framework:

1. **S – Sustainable Strength** – Sustainable Financial Performance;
2. **C – Customer & Community** – Customer-Centric and Inclusive Growth;
3. **A – Agility & Accuracy** – Agile Innovation and Operational Efficiency;
4. **L – Leadership & Learning** – Leadership, Culture and Talent of the Future; and
5. **E – Expansion & Ecosystem** – Ecosystem Expansion and Strategic Impact.

The strategic pillars, objectives, key performance indicators, base lines and targets for FY 2029/30 are described in the table below. The KPIs outlined below focus on measures that are most critical for investor information, strategic performance assessment, and value creation tracking. The FY 2029/30 targets established for each KPI are derived from the key strategic assumptions and growth ambitions, serving as key indicators for monitoring progress toward the successful realization of Vision 2030.

The Bank's FY2030 strategic targets are built on the assumption of country's sustained economic growth, expanding financial inclusion, increasing digital adoption, and a supportive regulatory environment. The strategy assumes successful execution of ecosystem banking, value-chain financing, customer-centric service delivery, and digital transformation initiatives, enabling significant growth in deposits, loans, assets, customer base, and revenue.

The Bank is expected to strengthen its position in deposit mobilization, foreign currency generation, trade finance, remittance services, and sustainable finance, while expanding access to banking services through digital channels, agency banking, and financial inclusion programs. At the same time, disciplined risk management, portfolio diversification, improved credit quality, and enhanced recovery capabilities are expected to reduce the NPL ratio (6.01% as at 30 June 2026; 4.79% as at 30 September 2026, unaudited) to below regulatory thresholds and support balanced loan portfolio growth.

The realization of Vision 2030 also assumes the successful integration of Environmental, Social, and Governance (ESG) principles into business operations, governance, lending, investment, and performance management practices, positioning the Bank as a sustainability-driven institution. Capital growth through retained earnings, shareholder contributions, and efficient capital management is expected to support balance sheet expansion while maintaining a Capital Adequacy Ratio (CAR) above regulatory requirements.

Operational excellence will be driven by business process automation, technology modernization, enterprise system integration, and continuous digital innovation, resulting in improved efficiency, a lower Cost-to-Income Ratio, increased digital transaction adoption, and critical system availability exceeding industry standards.

Collectively, these assumptions provide the foundation for achieving the Bank's Vision 2030 aspirations, including ETB 863 billion in deposits, ETB 515 billion in loans, ETB 1.03 trillion in assets, ETB 140.4 billion in revenue, USD 5.61 billion in foreign currency generation, 30 million customers, and industry-leading performance across financial, operational, customer, people, and sustainability dimension.

Table 17: Coopbank Strategic Objectives and Targets 2030

Strategic Pillars	Strategic Objective	Strategies	KPIs/Measurement Metrics	Historical Performance		Target (June 2030)
				June 2025	June 2026	
S-Sustainable Strength: Sustainable Financial Performance	Build a Resilient and Diversified Funding Base	Build a resilient and diversified funding base; pursue disciplined and risk-adjusted lending; strengthen asset quality; improve profitability and capital efficiency; and maintain adequate capital and liquidity	Deposit Mobilization Growth (in bill of ETB)	173.99	191.44	863.00
			FCY Generation (in millions of USD)	414.89	570.80	5,610
			ESG/Sustainability Integration Index.	Emerging (15%)	Emerging (30%)	Fully Embedded (100%)
	Expanding High-Quality Lending and Portfolio Performance		Loan Portfolio Growth (in bill of ETB)	113.47	141.62	515.66
			Non-Performing Loan (NPL) Ratio.	4.9%	6.01%	<5.0%
	Maximize Sustainable Profitability and Shareholder Value		Total Revenue Growth (in billions of ETB)	19.48	33.14	140.44
			Non-Funded Income Ratio	18.38%	28.69%	50%
			Profit Before Tax (PBT) (in billions of ETB)	1.98	8.11	70.94
			Return on Assets (ROA)	0.9%	2.92%	>5%
			Return on Equity (ROE)	9.4%	29.92%	>30%
			Net Interest Margin (NIM)	10.44%	12.15%	>8%
	Strengthen Balance Sheet Resilience		Total Asset Growth (in trillion of ETB)	0.20	0.22	1.03
			Paid-up Capital Growth (in bill of ETB)	11.87	12.80	75.0
			Capital Adequacy Ratio (CAR)	8.86%	9.00%	≥14.0%
			Liquidity Coverage Ratio (LCR)	87.30%	56.60%	≥120%
			Net Stable Funding Ratio (NSFR)	104.70%	109.90%	>120%
			Cost-to-Income Ratio (CIR)	80.05%	59.52%	50%
C – Customer & Community: Customer-Centric and Inclusive Growth	Expand Financial Inclusion and Reach	Strengthen customer acquisition and retention; expand access to financial services; and improve customer experience across physical and digital channels	Customer Base	14,704,035	15,909,593	>30 million
			Active Agent Network Size	35,718	42,817	77,540
			Active Merchant Network Size	139,070	368,739	1,006,097
	Enhance Customer Experience and Service Quality		Customer Satisfaction Score (CSAT)	<70%	<70%	>90%
			Net Promoter Score (NPS)	<14%	<14%	50%+
A – Agility & Accuracy: Agile Innovation and Operational Efficiency	Automate and Optimize Critical Processes	Automate critical processes; strengthen technology, data and cyber resilience; and increase digital-led business growth	Business-Critical Process Automation Rate	<40%	<45%	90%
	Build a Future-Ready Infrastructure, Data, Cloud and Cyber-Resilient Bank		Services Delivered Through Digital Channels (%)	<20%	>30%	>50%
			Strategic Decisions Powered by AI and Predictive Dashboards (%)	-	-	90%
			Cloud-Native and Cyber-Resilient Infrastructure Adoption Rate (%)	-	-	Leader (>-85%)
			Critical System Uptime (%).	99.9%	99.9%	>99.99%
	Accelerate Digital-Led Growth		Digital Transaction Volume	>83%	>85%	>90%

Strategic Pillars	Strategic Objective	Strategies	KPIs/Measurement Metrics	Historical Performance		Target (June 2030)
				June 2025	June 2026	
			Digital Transaction Value	>35%	>37%	>50%
			Revenue from Digital Channels and Products	<10%	<15%	>30%
L – Leadership & Learning: Leadership, Culture and Talent of the Future	Build a Purpose-Aligned, Engaged and High-Performance Workforce	Strengthening performance culture, talent development, leadership capacity and succession management	Employee Engagement Score	50%	Est. 58%	85%
			Organizational Culture Index	50%	Est. 56%	80%
			Employee Retention Rate	<90%	<90%	>95%
	Build Future-Ready Leadership		Internal Leadership Promotion Rate	<70%	<80%	100%
			Upskilling and Reskilling Coverage Rate	<20%	37%	>90%
			Women in Leadership Ratio	9.78%	11.2%	>30%
			Succession Coverage Ratio	-	-	100%
E – Expansion & Ecosystem: Ecosystem Expansion and Strategic Impact	Build and Scale Coop Holdings and Subsidiaries	Develop Strategic business platforms; strengthen ecosystem-based banking; and expand strategic partnerships and market participation	Number of Operationalized Priority Subsidiaries (planned; none established as at the date of this Prospectus – see Section 2.1.4)	0	0	5
	Strategic Objective 2: Build National and Regional Ecosystem Leadership		Ecosystem Transaction Value	ETB 0.5 trillion	1 trillion	ETB 10 trillion
			Flagship Mega Projects Delivery Rate	10%	20%	100%
	Scale Strategic Partnerships		Value of Resources Mobilized Through Partnerships	>ETB 2 bill	>ETB 3.5 bill	>ETB 10 bill
			Revenue Generated from Strategic Partnerships	>ETB 4 bill	>ETB 5.5 bill	>ETB 12 bill

Note (1): The KPI “Number of Operationalized Priority Subsidiaries” is a long-term strategic target. The Bank had no subsidiaries as at 30 June 2025 or 30 June 2026 and has none as at the date of this Prospectus. The intended holding structure and status of the plan are described in Section 2.1.4.

Note (2): In the June 2026 column, the loan portfolio is total net financing (conventional loans and advances plus Interest-Free Banking financing) as reported on the statement of financial position (June 2025: ETB 113.47 billion on the same basis); profit before tax, return on assets, return on equity, cost-to-income ratio, capital adequacy ratio, paid-up capital and total assets follow the audited FY2026 financial statements and Table 15. The other June 2026 values in the table (including FCY generation, the ESG index, the non-funded income ratio, the liquidity coverage ratio, the net stable funding ratio and the customer and network indicators) are management scorecard figures that are not derived from the audited financial statements. Revenue is the sum of interest income, fee and commission income, other operating income and the net foreign exchange result in the audited financial statements (FY2026: ETB 33.14 billion; FY2025: ETB 19.48 billion). The liquidity coverage ratio shown (56.60%) is below the 120% target.

Based on the Bank's strategic aspirations and Vision 2030 targets, the FY 2026/27 Operational Plan and associated Budget were developed and approved. The Operational Plan translates the Bank's long-term strategic objectives into measurable annual priorities, initiatives, and performance targets, while ensuring effective allocation of financial, human, and technological resources. The FY 2026/27 targets have been established based on set of strategic assumptions, prevailing market conditions, growth ambitions, operational capacity, and anticipated economic developments. The key annual targets, and underlying assumptions for FY 2026/27 are presented below.

Key Annual Targets for FY 2026/27

- Incremental Deposit Mobilization: ETB 111.68 billion.
- Total Deposit position: ETB 307.08 billion.
- Total FCY generation: 950 million USD
- Total Asset: ETB 356.1 billion
- Total capital: ETB 44.90 billion
- Total Loan and Advance: ETB 178.30 billion.
- Investment in Securities: ETB 88.56 billion
- Michu Digital Lending Disbursement: ETB 57.74 billion
- Reach 66,000 farmers through the Michu Agri initiative
- NPL Ratio: <3.00%
- CAR: Full compliance with Basel II/III Requirements
- Revenue: ETB 40.78 billion.
- Gross Profit: ETB 16.67 billion
- New Customer Acquisition: 1.72 million to reach a total of 17.74 million
- New Eco-Branch Expansion: 40
- New Agent Recruitment: 8256
- New Merchant Recruitment: 120,000

Assumptions For FY 2026/27 Target Setting:

- **Favorable Macroeconomic Environment:** Strong GDP growth, expanding economic activity, increasing private sector investment, and improved business confidence support banking sector growth.
- **Foreign Exchange Market Liberalization:** Continued implementation of NBE FX reforms enhances foreign currency mobilization, customer acquisition, and trade finance opportunities.
- **Stable Monetary Policy & Moderating Inflation:** A gradually declining inflation environment and prudent monetary policy support sustainable growth while maintaining manageable funding costs.
- **Regulatory Capital Requirement Compliance:** Adherence to Basel II/III requirements and prudent capital management supports sustainable balance sheet expansion.

- **Retail-Led Deposit Mobilization & Institutional Customer Acquisition:** Growth is driven by retail deposit mobilization, targeted corporate and institutional customer onboarding, CASA growth, and strengthened relationship banking.
- **Interest-Free Banking Expansion:** Continued growth of Coopbank Alhuda through tailored Sharia-compliant products, customer acquisition, and enhanced market penetration.
- **Productive Customer Acquisition & Activation:** Focus on acquiring active and transacting customers while improving customer engagement, retention, and wallet share.
- **Digital-Led Distribution Expansion:** Expansion through Eco-Branches, digital banking platforms, and phygital service delivery models.
- **Alternative Channel Network Growth**: Aggressive expansion of agents, merchants, and digital acceptance points to drive customer acquisition and transaction growth.
- **Process Automation & Service Digitization:** Increased automation of business processes and digitization of customer journeys to improve efficiency and customer experience.
- **Enhanced Foreign Exchange Mobilization:** Development and deployment of competitive value propositions for remittance, exporters, diaspora customers, and trade finance clients to accelerate FX generation.
- **Sustainable Loan & Asset Growth:** Growth in earning assets through prudent credit expansion, improved portfolio utilization, and strategic sector financing.
- **Strengthened Credit Risk Management:** Enhanced credit underwriting, portfolio monitoring, collection effectiveness, recovery efforts, and proactive NPL management.
- **Strategic Sectoral Financing Focus**: Priority allocation of financing to agriculture value chains, MSMEs, trade finance, digital lending, and other high-impact sectors.
- **Revenue Diversification & Non-Funded Income Growth:** Increased contribution from fees, commissions, trade finance services, digital banking transactions, remittances, card business, and other non-interest income streams.
- **Operational Efficiency & Profitability Enhancement**: Improved cost management, productivity, process optimization, and resource utilization to drive sustainable profitability.
- **Capital Strengthening & Shareholder Value Creation**: Growth in shareholders' equity additional capital mobilization, and prudent balance sheet management.

2.2.2 Future Prospects and Challenges

In implementing its 2030 Corporate Strategy, Cooperative Bank of Oromia continuously assesses emerging opportunities and challenges that may influence its business operations, financial performance, risk profile, capital requirements, and long-term strategic objectives. The Bank considers these factors in preparing its annual operational plans, priorities, resource allocation, and risk management activities.

2.2.2.1 Future Prospects

A. Financial Sector Liberalization

The gradual liberalization of Ethiopia's financial sector is expected to increase competition, improve financial market efficiency, facilitate greater capital mobility, and introduce new banking products and technologies.

The Bank considers this development as a significant strategic opportunity to strengthen its competitive position through expansion of its customer base, enhancement of service quality, improved operational efficiency, and development of new financial products and services. Liberalization is also expected to create opportunities for strategic partnerships, enhanced corporate governance practices, improved capital mobilization, and expansion of international banking services.

Operationally, the Bank intends to strengthen its institutional capacity, technology infrastructure, and product development capabilities to respond to the evolving competitive environment. These initiatives are expected to contribute to sustainable revenue growth, diversification of income sources, and improved financial performance over the long term.

B. Digital Financial Services Expansion

The continued expansion of digital financial services, mobile connectivity, and financial technology presents significant opportunities for business growth and operational efficiency.

The Bank has established an integrated digital banking ecosystem comprising CoopApp Mobile Banking, Coopay-Ebirr Mobile Money, Michu Digital Lending Platform, card banking services, agency banking, merchant payment solutions, internet banking, and other digital channels.

As part of its FY2026/27 Operational Plan, the Bank has approved measurable expansion targets for digital financial services, including:

- Expansion of CoopApp users;
- Growth of Coopay-Ebirr customers;
- Increased merchant acquisition;
- Expansion of ATM card issuance;
- Growth of agency banking outlets;
- Expansion of Michu digital lending customers; and
- Increased digital transaction volumes.

These initiatives are expected to improve transaction efficiency, increase commission and fee income, reduce operating costs per transaction, strengthen customer retention, and diversify revenue sources.

C. Financial Inclusion and Customer Growth

Ethiopia continues to present significant opportunities for expanding access to formal financial services, particularly among rural communities, agricultural producers, MSMEs, cooperatives, women, youth, and underserved populations.

The Bank's nationwide branch network, digital banking platforms, cooperative banking model, and customer segmentation strategy position it to capitalize on this opportunity.

Under its FY2026/27 operational Plan, the Bank has approved annual targets for customer acquisition across all business segments through expansion of physical and digital service channels.

Growth in the customer base is expected to support increased deposit mobilization, expanded lending activities, higher transaction volumes, stronger cross-selling opportunities, and sustainable growth in both interest and non-interest income.

D. Agricultural and Cooperative Banking

Agriculture remains the backbone of the Ethiopian economy and continues to present substantial opportunities for financial intermediation.

The Bank's long-standing specialization in agricultural and cooperative banking provides a competitive advantage in financing agricultural value chains, cooperative enterprises, rural businesses, and smallholder farmers.

The FY2026/27 operational Plan includes expansion of agricultural financing, cooperative banking services, farmer financing programmes, and digital agricultural lending solutions.

These initiatives are expected to strengthen rural financial inclusion, increase agricultural lending portfolios, improve deposit mobilization from rural communities, and support sustainable portfolio growth.

E. Foreign Currency Business Expansion

Growing export activities, diaspora remittances, international trade, and foreign exchange transactions provide significant opportunities for increasing foreign currency generation.

The Bank intends to strengthen export financing, diaspora banking, trade finance services, remittance business, correspondent banking relationships, and foreign exchange services.

The FY2026/27 operational Plan includes approved foreign currency generation targets from:

- Export proceeds;
- SWIFT transfers;
- International remittances;
- Foreign currency purchases; and
- Treasury operations.

Achievement of these targets is expected to improve foreign currency liquidity, strengthen international banking operations, increase commission income, and support the Bank's foreign exchange position.

F. **Entry of Foreign Banks**

The anticipated entry of foreign banks into Ethiopia following the progressive liberalization of the financial sector presents several strategic opportunities for Cooperative Bank of Oromia Share Company. Although increased competition is expected, foreign participation may contribute positively to the development of Ethiopia's banking industry and create opportunities for the Bank to strengthen its long-term competitiveness.

The principal opportunities include:

- **Knowledge and Technology Transfer:** Foreign banks are expected to introduce advanced banking technologies, digital banking platforms, artificial intelligence, cybersecurity capabilities, treasury products, and risk management practices. This may accelerate innovation across the Ethiopian banking sector and enable Coopbank to adopt international best practices through strategic partnerships and competitive learning.
- **Expansion of International Banking Services:** The presence of foreign banks is expected to improve correspondent banking relationships, cross-border payment services, trade finance, foreign exchange services, and international settlement systems. Coopbank may benefit from enhanced access to global financial networks, supporting its corporate and international banking business.
- **Improved Operational Efficiency:** Increased competition is expected to encourage greater operational efficiency, digital transformation, product innovation, and service quality. Coopbank's ongoing investments in digital banking infrastructure, alternative delivery channels, and operational modernization position the Bank to respond effectively to changing market dynamics.

- **Strategic Partnerships and Investment Opportunities:** Liberalization may create opportunities for strategic alliances, technical cooperation, syndicated lending, knowledge sharing, and potential foreign investment, enabling the Bank to strengthen its institutional capacity and expand its product offerings.
- **Growth of the Ethiopian Financial Sector:** Greater competition is expected to deepen financial intermediation, improve customer confidence, expand financial inclusion, and contribute to the overall development of Ethiopia's capital markets and financial services industry, creating new business opportunities for domestic banks.
- **Enhanced Corporate Governance and Risk Management:** Competitive pressure from international institutions is expected to encourage continued improvements in corporate governance, regulatory compliance, environmental and social risk management, internal controls, and enterprise risk management frameworks.

2.2.2.2 Future Challenges

While the Bank expects significant growth opportunities, several internal and external factors may affect implementation of its strategic priorities.

A. Operational Growth and Business Expansion

The continued expansion of branches, customer numbers, digital platforms, and banking services increases operational complexity and requires effective coordination across the Bank's nationwide network.

Accordingly, the Bank continues to strengthen operational governance, internal controls, process standardization, and enterprise-wide management systems to support sustainable growth.

B. Technology and Digital Transformation

Rapid technological developments require continuous investment in core banking systems, cybersecurity infrastructure, digital platforms, system integration, and information security.

Failure to modernize technology infrastructure could affect operational efficiency, customer experience, service delivery, and business competitiveness.

The Bank therefore continues to prioritize technology modernization as part of its annual operational planning and capital investment programme.

C. Human Capital Development

The successful implementation of the Bank's digital transformation strategy depends upon the availability of skilled human resources.

Increasing demand for expertise in digital banking, cybersecurity, data analytics, information technology, and product innovation requires continuous investment in staff development, recruitment, and capacity building.

The Bank considers human capital development as an important supporting factor for long-term institutional growth.

D. Cost Efficiency

Expansion of banking infrastructure, technology investments, and nationwide branch operations requires careful management of operating expenses.

The Bank therefore continues to pursue operational efficiency initiatives through process automation, digital service delivery, optimization of branch operations, and improved resource utilization to enhance long-term profitability.

E. Increasing Competition

Competition within the Ethiopian banking industry is expected to intensify as existing banks expand their services and new market participants enter the financial sector.

The Bank intends to respond by strengthening customer relationships, expanding digital financial services, improving product innovation, enhancing service quality, and leveraging its cooperative banking model to maintain competitiveness.

F. Macroeconomic Conditions

Macroeconomic developments, including inflation, exchange rate movements, liquidity conditions, foreign currency availability, and overall economic performance, may affect banking operations, customer borrowing capacity, deposit growth, and asset quality.

The Bank continuously monitors these developments through its enterprise risk management framework and incorporates them into annual planning, budgeting, and capital management processes.

G. Regulatory and Compliance Requirements

The banking sector continues to experience regulatory developments relating to capital adequacy, corporate governance, risk management, digital banking, consumer protection, anti-money laundering, cybersecurity, and financial reporting.

The Bank remains committed to maintaining full compliance with applicable laws, directives, and prudential requirements issued by the National Bank of Ethiopia and other relevant regulatory authorities.

Continuous enhancement of governance, compliance systems, risk management practices, and regulatory reporting remains an integral part of the Bank's strategic implementation framework.

H. Entry of Foreign Banks

The entry of foreign banks is expected to increase competition within Ethiopia's banking sector and may adversely affect Coopbank's business, financial condition, operating results, and future prospects. The principal challenges include:

- **Loss of Market Share:** Foreign banks may compete aggressively for high-value retail customers, corporate clients, multinational companies, exporters, importers, development finance transactions, and affluent banking segments. This could reduce Coopbank's market share in key business lines.
- **Pressure on Pricing and Interest Margins:** Increased competition for quality borrowers and customer deposits may result in lower lending rates, higher deposit costs, reduced fee income, and compression of net interest margins, adversely affecting profitability.
- **Customer Retention Challenge:** Foreign banks may attract existing customers through internationally recognized brands, sophisticated digital platforms, specialized financial products, superior customer experience, and broader international banking capabilities. Coopbank may face increased customer attrition unless it continues to strengthen service quality and product innovation.
- **Competition for Skilled Human Capital:** Foreign financial institutions may attract experienced banking professionals by offering internationally competitive remuneration, career development opportunities, and specialized training, increasing employee turnover and staff replacement costs.
- **Technology and Innovation Gap:** Foreign banks may possess superior technological capabilities, advanced data analytics, artificial intelligence applications, digital banking ecosystems, and cybersecurity infrastructure. Continued investment will therefore be required for Coopbank to maintain competitive parity.

- **Profitability Pressure:** Increased competition may reduce interest spreads, fee-based income, and overall returns on assets and equity while requiring higher expenditure on technology, marketing, talent acquisition, customer retention, and product development.
- **Higher Compliance and Governance Expectations:** Liberalization is likely to raise industry standards for governance, risk management, financial reporting, operational resilience, anti-money laundering compliance, and customer protection. Meeting these evolving standards may require significant additional investment.
- **Foreign Exchange and Trade Finance Competition:** Foreign banks are expected to have competitive advantages in foreign exchange transactions, trade finance, correspondent banking, and international treasury operations, potentially reducing Coopbank's share of these higher-value business segments.
- **Competitive Pressure on Digital Financial Services:** International banks may introduce innovative digital banking products, embedded finance solutions, wealth management services, and integrated financial ecosystems, increasing competitive pressure on Coopbank's digital banking and payment services.
- **Capital and Liquidity Competition:** Foreign banks may have access to comparatively larger capital resources and lower-cost international funding, enabling them to finance large corporate transactions and compete aggressively in selected market segments.

2.2.3 Important Events and Developments in the Bank's Business

Since its establishment, the Bank has achieved several significant milestones that have materially influenced its business development and strategic position:

Table 18: Summary of Milestones

Year	Important Event and Development
2002	Establishment of the Cooperative Bank of Oromia Project Office to promote cooperative-based financial services and financial inclusion.
29 October 2004	Incorporation of Cooperative Bank of Oromia Share Company under the Commercial Code of Ethiopia.
8 March 2005	Commencement of commercial banking operations with 1,077 founding shareholders, subscribed capital of ETB 112.0 million, paid-up capital of ETB 77.8 million, and seven branches.
2023	Launch of the Michu Digital Lending Platform, marking a major milestone in the Bank's digital transformation and digital lending business.
2024	Expansion of the Coopay-Ebirr Mobile Money Platform and deployment of Cash Recycling Machines (CRMs), significantly strengthening the Bank's digital banking and payment infrastructure.
March 2025	Successful completion of the Bank's 20th Anniversary Deposit Mobilization Campaign, mobilizing approximately ETB 25.3 billion in deposits and significantly strengthening the Bank's funding base.

These milestones reflect the Bank's evolution from a cooperative-focused commercial bank into one of Ethiopia's leading digitally enabled financial institutions, with expanded capabilities in retail banking, digital financial services, agricultural finance, cooperative banking, and financial inclusion. This progression supports the implementation of the Bank's 2030 Corporate Strategy and its long-term growth objectives.

2.2.4 Group Structure and Significant Subsidiaries

As at the date of this Prospectus, the Bank is not part of a corporate group and does not have any subsidiaries (whether significant or otherwise). Accordingly, there are no subsidiaries for which ownership interests or voting rights are required to be disclosed. The Bank’s investments are limited to the minority equity investments and the 20% associate interest described in Section 2.8 and the amount of ETB 323.85 million

committed to the Coop Investment Bank project under formation (Section 2.8.7; no legal entity has been established), none of which is a subsidiary of the Bank and none of which confers control over the investee.

Strategic Intention Regarding Coop Holdings and Future Subsidiaries

The Bank's Corporate Strategy for 2025/26 to 2029/30 (the "Segment-Led Shift @ Scale" Winning Strategy) includes, under Strategic Pillar E (Expansion & Ecosystem), the strategic objective "Build and Scale Coop Holdings and Subsidiaries" and the key performance indicator "Number of Operationalized Priority Subsidiaries". As presented in Section 2.2.1, this indicator has a baseline of zero as at June 2025 and June 2026 and a target of five priority subsidiaries by June 2030. References in this Prospectus to the operationalization of subsidiaries relate solely to this forward-looking strategic objective.

As at the date of this Prospectus, the Bank has not incorporated, acquired or capitalized any subsidiary, and no subsidiary has commenced operations. The Bank's position in respect of the intended holding structure is as follows:

- *Meaning of "Coop Holdings":* "Coop Holdings" is the working name used in the Bank's Corporate Strategy for a proposed vehicle through which the Bank would in future hold interests in non-banking businesses. It is not an existing legal entity. It has not been incorporated or registered with any authority, and it has no capital, assets, liabilities, employees, operations or financial statements. References in this Prospectus to "Coop Holdings" are references to that strategic concept only and not to any existing company, and no financial or other information relating to Coop Holdings is capable of being presented in this Prospectus.
- *Intended holding structure and ownership:* The Bank has not determined the legal form of Coop Holdings or the ownership of it. In particular, the Bank has not decided whether Coop Holdings would be incorporated as a subsidiary of the Bank, held directly by the shareholders of the Bank alongside the Bank, or established in some other form; what proportion of the shares and voting rights in Coop Holdings or in any subsidiary the Bank would hold; whether any subsidiary would be held directly by the Bank or indirectly through Coop Holdings; or whether the investments described in Section 2.8 would be transferred into any such structure. No resolution has been passed by the Board of Directors or the shareholders of the Bank in respect of any of these matters as at the date of this Prospectus; the Board's resolution of 14 June 2025 authorising management to proceed with the registration process for establishing Coop Investment Bank (Section 2.8.7) did not settle the ownership structure of that company. *Priority business areas:* The Corporate Strategy does not identify the business areas in which the five priority subsidiaries referred to above would operate, and the Bank has not selected those business areas. The Bank has not identified any acquisition target and is not a party to any agreement, memorandum of understanding, letter of intent or negotiation in respect of the establishment or acquisition of any subsidiary.
- *Status of approvals and timing:* No formal establishment has taken place and none is guaranteed to take place. The Bank has not submitted any application to the National Bank of Ethiopia in respect of the establishment or acquisition of any subsidiary, and has not fixed a timetable for doing so.
- *Capital and funding:* Any investment in subsidiaries is expected to be funded from retained earnings and internally generated capital, as described in Section 2.8.6, and not from material external borrowing. No part of the proceeds of the Offer is allocated to the establishment or acquisition of subsidiaries; this is consistent with the Use of Proceeds section under 8.5.2.

The establishment or acquisition of any subsidiary will be subject to the approvals of the Bank's Board of Directors and shareholders where required, the National Bank of Ethiopia and any other competent authority

under the Banking Business Proclamation No. 1360/2025 and other applicable laws and directives, including any applicable limits on the investments a bank may make in other undertakings. The Bank will disclose the establishment of any subsidiary, and the resulting group structure and consolidation implications, in accordance with its continuing disclosure obligations to the Ethiopian Capital Market Authority.

The statements in this sub-section are statements of strategic intent and are forward-looking. They are not a plan, commitment, undertaking or representation that Coop Holdings or any subsidiary will be established or acquired, that any particular holding structure will be adopted, or that the FY2029/30 target of five operationalized priority subsidiaries will be achieved. Investors should not assume that any of these matters will occur and should not place reliance on them in making an investment decision. These statements should be read together with Section 2.2.1 (Business Strategy and Objectives) and the risk factor in Section 9.1.3 (Strategy Execution Risk).

2.3 Operations and Principal Activities

2.3.1 Overview of Operations and Principal Activities

Cooperative Bank of Oromia operates as a full-service commercial bank providing a comprehensive range of banking and financial services to Interest-Free Banking (IFB) customers, cooperative societies, Micro, Small and Medium Enterprises (MSMEs), corporate clients, institutional customers, government entities, and Non-Governmental Organizations (NGOs) across Ethiopia. The Bank's operations are structured around a customer-centric and segment-based banking model designed to promote financial inclusion, economic participation, and sustainable financial intermediation across both urban and rural markets.

The principal activities of the Bank include deposit mobilization, lending and advances, trade finance, international banking services, foreign exchange operations, remittance services, digital financial services, mobile money operations, agency banking, and transaction banking services. These activities constitute the Bank's core operational functions and form the foundation of its revenue generation model.

The Bank's primary source of income is interest income derived from loans and advances extended to customers across different economic sectors. In addition, the Bank generates significant non-interest income from service charges, commissions on banking transactions, foreign exchange trading margins, trade finance fees, remittance services, merchant acquiring fees, digital payment services, and other fee-based financial services.

The Bank's operational coverage extends across key sectors of the Ethiopian economy, including agriculture, trade and commerce, manufacturing, construction and real estate, transport and logistics, import-export businesses, cooperatives, public services, and the broader service industry. Through its cooperative banking model and extensive distribution network, the Bank plays a central role in expanding access to formal financial services, particularly for underserved, rural, and financially excluded communities.

Operationally, the Bank's service delivery model is built on a three-layer integrated system that ensures efficiency, scalability, and customer accessibility:

1. **Core Banking System Layer (Temenos 24)**

   The Bank's central operational backbone is the **Temenos 24 core banking system**, which supports real-time processing of deposits, loans, payments, trade finance, and customer account management. This system serves as the primary financial processing engine that ensures operational stability, control, and regulatory compliance across all banking activities.

2. **Human-Driven Service Layer**

The Bank maintains a nationwide network of branches and relationship managers that provide human-led financial services across all ARMINGC customer segments. This layer supports advisory services, credit evaluation, customer onboarding, relationship banking, and tailored financial solutions based on customer-specific needs.

3. **Digital Enablement Layer**

The Bank operates a growing digital ecosystem that enhances service efficiency and customer convenience. This includes mobile banking (CoopApp), mobile money (Coopay-Ebirr), agency banking platforms, merchant payment systems, ATM and CRM networks, and digital lending platforms. These channels support real-time transactions and reduce dependency on physical service points.

2.3.2 Loan Products

The Bank's lending operations constitute one of its core principal activities and represent a primary driver of profitability, asset growth, and shareholder value creation. Through its diversified loan product portfolio, the Bank mobilizes financial resources and channels them into productive sectors of the economy, thereby supporting economic development while generating sustainable interest income and fee-based revenue.

The Bank provides financing facilities through a broad range of loan products designed to address the financing needs of individuals, businesses, institutions, and government-related entities. These products include working capital financing, trade finance facilities, investment loans, agricultural financing, cooperative financing, MSME financing, consumer lending, mortgage-related facilities, project financing, and digital lending services.

The Bank's lending model is structured as a multi-dimensional credit management framework, where loan products are designed, delivered, and monitored through three integrated dimensions:

- **Customer Segment Dimension (ARMINGC Model):** Loans are categorized and managed according to customer type, including agriculture, retail, MSMEs, corporate clients, institutions, NGOs, government entities, and Interest-Free Banking (IFB) customers. This ensures tailored credit solutions aligned with risk profiles, cash flow structures, and sector-specific financing needs.
- **Geographic Dimension:** Loan products are also managed based on geographic distribution, reflecting the Bank's nationwide branch network and **district-based operational structure**. Credit allocation, monitoring, and portfolio performance assessment are conducted at district and regional levels to ensure effective branch management, localized risk oversight, and balanced credit expansion across Ethiopia.
- **System-Based Core Banking Dimension:** All loan products are processed, classified, and monitored through the Bank's **core banking system (Temenos T24)**. The system enables standardized credit processing, automated classification, portfolio tracking, risk monitoring, and performance reporting. It also supports data-driven annual evaluation of product performance, customer segmentation outcomes, and portfolio quality indicators.

Accordingly, the Bank's loan products are not only financial instruments but also part of an integrated credit management and performance monitoring system, enabling effective alignment between operational execution, risk management, and strategic objectives.

As of 30 June 2026, the Bank's gross loans and advances stood at ETB 130 billion (gross conventional loans and advances, excluding interest-free financing), compared with ETB 101 billion in FY2025, ETB 84 billion in

FY2024 and ETB 85 billion in FY2023. Gross loans and advances therefore decreased by approximately 2.5% in FY2024 before increasing significantly by approximately 20.0% in FY2025 and by approximately 28.1% in FY2026. The FY2025 growth reflects increased credit demand, expansion of lending activities across key customer and economic segments, and the Bank's continued efforts to strengthen its lending operations and distribution network. This sustained growth demonstrates the Bank's ability to scale its lending operations while maintaining alignment with its strategic objectives of financial inclusion, sectoral financing diversification, and profitability enhancement.

Table 19: Gross Loans and Advances (ETB Billions):

Year	Gross Loans and Advances
2023	85
2024	84
2025	101
2026	130

A) Loan Portfolio by Geography

Importantly, the Bank applies a district-based operational and monitoring model, whereby lending, branch performance, and portfolio management are structured and supervised at district level. Each district comprises a cluster of branches, with branch allocation and capacity determined based on market potential, customer demand, and economic activity within the respective geographic coverage. This district-based structure enables more efficient branch management, localized credit monitoring, and data-driven resource allocation across the Bank's network.

The Bank's loan portfolio is geographically distributed across multiple regional states and administrative cities in Ethiopia, reflecting its nationwide operational presence and diversified market outreach strategy. The regional distribution of loans generally corresponds with the concentration of economic activity, customer density, trade operations, cooperative financing activities, and institutional banking relationships within the respective regions.

As of 30 June 2026, Addis Ababa represented the largest share of the Bank's outstanding loan portfolio, amounting to ETB 85.88 billion (66.3% of total loans), with an NPL ratio of 5.68% (30 June 2025: ETB 64.43 billion). The significant concentration within Addis Ababa reflects the city's role as the country's primary commercial, financial, and administrative center, where a substantial portion of corporate banking, trade finance, institutional financing, and commercial lending activities are conducted.

Oromia constituted the second-largest regional exposure with outstanding loans amounting to ETB 31.51 billion (24.3% of total loans) and an NPL ratio of 7.51% as of 30 June 2026. The strong portfolio presence in Oromia aligns with the Bank's historical cooperative banking foundation, extensive branch network, agricultural financing activities, and large customer base within the region. Lending activities in Oromia include agricultural value chain financing, cooperative lending, MSME financing, retail banking, and commercial sector financing.

Dire Dawa also represented a notable component of the portfolio with outstanding loans amounting to ETB 7.59 billion as of 30 June 2026 (NPL ratio 3.58%), reflecting the city's strategic role in trade, logistics, transportation, and cross-border commercial activities.

Sidama region accounted for ETB 3.16 billion in outstanding loans as of 30 June 2026, while relatively smaller exposures were recorded across regions including Amhara, Harari, Tigray, Benishangul, Somali, Afar, Gambela, SWERS, CERS, and SERS. The distribution of lending activities across these regions reflects the Bank's broader financial inclusion strategy and its efforts to expand banking service accessibility across

different parts of the country. Several of the smaller regional portfolios recorded high NPL ratios as of 30 June 2026, including Somali (80.17%), Afar (28.65%), Southwest Ethiopia (23.66%), Central Ethiopia (20.44%) and Tigray (18.76%).

The regional composition of the loan portfolio demonstrates the Bank's participation in both urban commercial financing and regional economic development activities. It also reflects the Bank's operational strategy of balancing commercial banking opportunities in major economic centers with broader outreach objectives aimed at supporting underserved markets and cooperative-based communities.

Table 20: Loans and NPLs by Region as at 30 June 2025 and 30 June 2026 (ETB Million)

No.	Region	Loans, 30 Jun 2025	NPL, 30 Jun 2025	NPL %, 30 Jun 2025	Loans, 30 Jun 2026	NPL, 30 Jun 2026	NPL %, 30 Jun 2026
1	Addis Ababa	64,431.40	3,330.34	5.17%	85,879.34	4,874.88	5.68%
2	Afar	9.16	0.64	6.99%	3.63	1.04	28.65%
3	Amhara	169.84	8.87	5.22%	285.88	33.64	11.77%
4	Benishangul	70.22	0.35	0.50%	118.68	0.13	0.11%
5	Central Ethiopia (CERS)	179.02	57.42	32.07%	255.15	52.16	20.44%
6	Dire Dawa	7,575.45	74.14	0.98%	7,585.02	271.27	3.58%
7	Gambella	4.50	0.63	14.00%	4.73	0.60	12.68%
8	Harari	191.35	5.06	2.64%	161.95	3.00	1.85%
9	Oromia	29,534.57	1,549.58	5.25%	31,512.32	2,365.89	7.51%
10	South Ethiopia (SERS)	72.45	10.49	14.48%	201.59	8.77	4.35%
11	Sidama	2,147.20	70.52	3.28%	3,163.98	73.59	2.33%
12	Somali	50.41	35.34	70.11%	71.37	57.22	80.17%
13	Southwest Ethiopia (SWERS)	56.21	0.94	1.67%	18.22	4.31	23.66%
14	Tigray	144.91	21.31	14.71%	192.97	36.20	18.76%
	Total	**104,636.72**	**5,165.62**	**4.94%**	**129,454.82**	**7,782.70**	**6.01%**

Note: Loans and NPLs are principal outstanding amounts, including Interest-Free Banking financing, on the basis used by the Bank for its NBE regulatory NPL ratio; totals may not add up because of rounding, and NPL ratios are calculated from the amounts shown.

B) Loan Portfolio by Customer Segment

The Bank's lending operations are structured around a segmented banking model designed to address the financing requirements of different customer categories across the Ethiopian economy. The segmentation framework enables the Bank to provide tailored credit solutions aligned with the operational characteristics, financing behavior, and sector-specific needs of each customer group.

The Bank's major lending segments include Agri and Cooperative banking, Retail banking, MSME financing, Interest-Free Banking (IFB), NGO financing, Government financing, and Corporate banking. This diversified portfolio structure supports balanced credit expansion across multiple economic sectors while enabling the Bank to strengthen customer relationships, improve market penetration, and diversify income sources.

As of 30 June 2026, the Bank's total outstanding loan portfolio (principal) by customer segment amounted to ETB 129.45 billion, while total Non-Performing Loans (NPLs) stood at ETB 7.78 billion, representing an overall NPL ratio of 6.01% (30 June 2025: ETB 104.64 billion, ETB 5.17 billion and 4.94%, respectively).

Corporate banking represented the largest component of the loan portfolio, accounting for ETB 61.21 billion of total outstanding loans as of 30 June 2026, equivalent to approximately 47.3% of the total segmented portfolio. The segment primarily consists of financing extended to large businesses, commercial operators, institutional enterprises, and major economic actors engaged in trade, manufacturing, construction, and

service-related activities. The segment recorded an NPL ratio of 5.12% (30 June 2025: 3.92%), below the overall portfolio ratio of 6.01%.

The Interest-Free Banking (IFB) segment also represented a significant portion of the portfolio, with outstanding loans amounting to ETB 15.91 billion and an NPL ratio of 6.18% as of 30 June 2026 (30 June 2025: 4.48%). The continued growth of IFB financing reflects increasing customer demand for Sharia-compliant banking services and the Bank's strategic focus on expanding inclusive financial service delivery.

Retail banking loans amounted to ETB 15.17 billion as of 30 June 2026, representing financing provided to individual customers for personal, consumption, salary-based, and small-scale business purposes. The segment recorded an NPL ratio of 8.36% (30 June 2025: 6.50%), reflecting relatively higher retail credit risk exposure associated with unsecured and consumer-oriented lending activities.

The Agri and Cooperative banking segment accounted for ETB 19.27 billion in outstanding loans as of 30 June 2026 with an NPL ratio of 6.22% (30 June 2025: 2.53%). The size of the segment reflects the Bank's long-standing institutional experience in cooperative banking, agricultural value chain financing, and community-based lending structures. The segment remains strategically important due to the Bank's cooperative-oriented business model and its role in supporting rural economic development and financial inclusion.

MSME financing reached ETB 15.89 billion as of 30 June 2026 with an NPL ratio of 7.30%, down from 12.79% at 30 June 2025, when it was the highest NPL ratio among the major segments. The relatively elevated NPL level reflects the vulnerability of MSMEs to macroeconomic pressures, liquidity constraints, and operational volatility within the business environment. Nevertheless, the segment remains strategically important due to its contribution to entrepreneurship development, employment generation, and financial inclusion objectives.

As of 30 June 2026, government-related financing amounted to ETB 1.95 billion with an NPL ratio of 1.48%, while NGO financing accounted for ETB 48.82 million with an NPL ratio of 20.30%. Although NGO exposure remains relatively limited in overall portfolio composition, the segment recorded comparatively higher portfolio stress levels during the reporting period.

The segmented structure of the loan portfolio reflects the Bank's diversified lending strategy and its participation across multiple sectors of the economy. The portfolio composition also demonstrates the Bank's strategic focus on balancing commercial banking activities with financial inclusion objectives, cooperative finance, agricultural development, MSME support, and institutional banking services.

Table 21: Loans and NPLs by Customer Segment as at 30 June 2025 and 30 June 2026 (ETB Million)

S/N	Segment	Loans, 30 Jun 2025	NPL, 30 Jun 2025	NPL %, 30 Jun 2025	Loans, 30 Jun 2026	NPL, 30 Jun 2026	NPL %, 30 Jun 2026
1	Agri and Cooperatives	11,067.64	280.10	2.53%	19,271.17	1,198.52	6.22%
2	Retail	11,968.03	777.78	6.50%	15,168.90	1,268.64	8.36%
3	MSME	9,208.83	1,177.99	12.79%	15,887.68	1,160.02	7.30%
4	IFB	14,993.13	671.61	4.48%	15,913.30	983.90	6.18%
5	NGO	54.52	10.82	19.85%	48.82	9.91	20.30%
6	Government	1,231.05	47.59	3.87%	1,950.23	28.91	1.48%
7	Corporate	56,112.98	2,199.74	3.92%	61,214.73	3,132.80	5.12%
	Total	**104,636.17**	**5,165.62**	**4.94%**	**129,454.82**	**7,782.70**	**6.01%**

Note: Loans and NPLs are principal outstanding amounts on the basis used by the Bank for its NBE regulatory NPL ratio (Section 7.4.8); they differ from the gross loans and advances and gross Interest-Free Banking financing reported in the audited financial statements. Totals may not add up because of rounding, and NPL ratios are calculated from the amounts shown. Total loans at 30 June 2025 are ETB 104,636.72 million in the regional analysis (Table 20) and ETB 104,636.17 million in the segment analysis (Table 21).

The composition of the loan portfolio and of non-performing loans by customer segment and by region as at 30 June 2026 is presented in Tables 108 and 109 under Non-Performing Loans (NPLs) in the Management's Discussion and Analysis.

2.3.3 Deposit Mobilization Activities

Deposit mobilization represents one of the Bank's core banking activities and serves as the primary source of funding for its lending operations, liquidity management, investment activities, and overall business operations. The Bank mobilizes deposits from a diversified customer base comprising individuals, cooperatives, micro, small and medium-sized enterprises (MSMEs), corporate customers, government institutions, non-governmental organizations (NGOs), and other institutional clients through both conventional banking and Interest-Free Banking (IFB) platforms.

The Bank offers a comprehensive range of deposit products and savings solutions tailored to the financial needs of different customer segments. These include current accounts, savings accounts, fixed-term deposits, institutional deposits, cooperative savings products, digital savings products, and Sharia-compliant IFB deposit products. These services are delivered through the Bank's nationwide branch network and digital banking channels, enabling customers to access banking services conveniently across the country.

As of 30 June 2026, the Bank's total deposits amounted to ETB 191.44 billion, compared to ETB 173.99 billion as of 30 June 2025, ETB 115.65 billion as of 30 June 2024 and ETB 114.08 billion as of 30 June 2023. Total deposits increased by 10.0% in 2026, following growth of 50.4% in 2025 and a modest growth of 1.4% in 2024. The strong growth in deposits during 2025 was driven by sustained customer acquisition, the expansion of digital banking services, growth in Interest-Free Banking (IFB) deposits, enhanced institutional deposit mobilization, and the continued expansion of the Bank's branch network and market presence across Ethiopia.

Table 22: Total Customer Deposits

Year	Total Deposits (ETB '000)
2023	**114,083,590**
2024	**115,650,387**
2025	**173,994,300**
2026	191,436,477

A) Deposit by Customer Segment

The Bank's deposit portfolio demonstrates significant diversification across customer segments. Government and institutional customers represented the largest source of deposits, accounting for ETB 54.11 billion or approximately 28.26% of total deposits as of June 2026. This reflects the Bank's strong institutional relationships and its growing role in public sector and institutional banking services.

Retail deposits accounted for ETB 41.44 billion or 21.65% of total deposits, reflecting the Bank's extensive retail customer base and nationwide outreach capacity. Interest-Free Banking (IFB) deposits also represented a significant component of the portfolio, amounting to ETB 30.83 billion or 16.11% of total deposits, demonstrating increasing demand for Sharia-compliant banking services.

Corporate deposits amounted to ETB 16.59 billion or 8.66% of total deposits, while Agriculture and Cooperative-related deposits accounted for ETB 14.14 billion or 7.39% of total deposits. Other customer categories (ETB 15.41 billion or 8.05%), MSME (ETB 11.03 billion or 5.76%) and NGO (ETB 7.88 billion or 4.12%) deposits also contributed to the diversification and stability of the Bank's funding base.

Table 23: Deposits Split by Segment (as of June 2026)

Segment	Amount (ETB '000)	Percentage of Total
Agriculture and Cooperatives	14,141,039	7.39%
Retail	41,443,894	21.65%
MSME	11,031,397	5.76%
IFB	30,832,195	16.11%
NGO	7,881,741	4.12%
Government and Institutions	54,108,655	28.26%
Corporate	16,587,765	8.66%
Others	15,409,791	8.05%
Total	191,436,477	100.00%

Note: The total of Table 23 agrees with total customer deposits of ETB 191,436,477 thousand at 30 June 2026 in the audited financial statements (Table 22).

B) Deposit By Geography

The Bank's deposit portfolio is also geographically diversified across multiple regional states and city administrations in Ethiopia. As at 30 June 2025, Addis Ababa represented the largest regional deposit concentration with ETB 105.36 billion, accounting for approximately 60.1% of total deposits. Oromia represented the second-largest regional share with ETB 57.61 billion or approximately 32.9% of total deposits. The significant concentration within Addis Ababa and Oromia reflects the Bank's strong commercial presence, extensive customer base, institutional relationships, and economic activity levels within these regions.

Other regions including Dire Dawa, Harari, Sidama, Central Ethiopia Regional State, Somali, Southern Nations, South West Ethiopia, Tigray, Amhara, Benishangul, Afar, and Gambela also contributed to the Bank's overall deposit mobilization performance, reflecting the Bank's nationwide operational outreach and financial inclusion strategy.

As at 30 June 2026, the Bank's deposits by district (Table 23A), which total ETB 191.44 billion and agree with the audited financial statements, show that the five Finfine districts (Central, Eastern, North, South and Western Finfine), the Head Office and the Trade Service Process together held ETB 123.51 billion (64.5%) and the seven Oromia districts (Adama, Asella, Bale, Chiro, Jimma, Nekemte and Shashemene) held ETB 47.32 billion (24.7%), so that districts in Addis Ababa and Oromia accounted for approximately 89.2% of deposits. The Dire Dawa, Hawassa, Hossana, Bahir Dar and Mekelle districts held the remaining ETB 20.61 billion (10.8%). The Central Finfine District was the largest single source of deposits (ETB 53.79 billion; 28.1%).

Table 23A: Deposits by District as at 30 June 2026 (ETB million)

District	Deposits (ETB million)	Share of Total
Adama District	11,690.47	6.11%
Asella District	8,480.74	4.43%
Bahir Dar District	870.48	0.45%
Bale District	3,407.81	1.78%
Central Finfine District	53,788.06	28.10%
Chiro District	5,155.10	2.69%
Dire Dawa District	11,059.79	5.78%
Eastern Finfine District	24,395.54	12.74%
Hawassa District	5,020.82	2.62%
Head Office	6,857.11	3.58%
Hossana District	2,968.72	1.55%

District	Deposits (ETB million)	Share of Total
Jimma District	7,638.48	3.99%
Mekelle District	691.98	0.36%
Nekemte District	7,552.26	3.95%
North Finfine District	8,901.49	4.65%
Shashemene District	3,392.05	1.77%
South Finfine District	10,442.57	5.45%
Trade Service Process	8,472.84	4.43%
Western Finfine District	10,650.15	5.56%
Total	**191,436.48**	**100.00%**

Note: The total agrees with total customer deposits of ETB 191,436,477 thousand at 30 June 2026 in the audited financial statements (Table 22). Amounts and shares are rounded and may not add exactly.

The Bank continues to strengthen its deposit mobilization capacity through customer segmentation strategies, digital banking expansion, branch network growth, institutional relationship development, product diversification, and enhancement of customer experience across both physical and digital service channels. These initiatives support liquidity generation, funding stability, lending capacity expansion, and long-term operational sustainability.

2.3.4 Product Pricing, Key Terms and Commercial Features

The Bank offers a diversified portfolio of deposit and financing products tailored to retail customers, cooperatives, SMEs, corporate clients, agricultural businesses, institutional customers, diaspora customers, and Interest-Free Banking (IFB) clients. Pricing is determined in accordance with the Bank's Board-approved pricing policy, customer risk profile, sector priority, collateral coverage, loan tenor, funding costs, market conditions, and applicable National Bank of Ethiopia directives.

2.3.4.1 Deposit Products`

The Bank mobilizes deposits through savings, demand, fixed-term, foreign currency, and specialized deposit accounts.

Table 24: Deposits by Product Category

Product Category	Minimum Deposit	Pricing/Return
Savings Account	ETB 50	7.0% per annum
Gamme Junior Savings	ETB 50	7.175%
Youth Savings	ETB 50	7.175%
Sinqee Women's Savings	ETB 50	7.25%
Farmers Savings	ETB 25	7.50%
Demand Deposit	ETB 500 (Individuals); ETB 1,000 (Organizations)	Non-interest bearing or interest-bearing below savings rate
Fixed Time Deposit	ETB 500,000 minimum	Negotiable based on amount and tenor
Foreign Currency Savings	USD 50 (or equivalent)	Negotiable
Diaspora Fixed Deposit	USD 100 minimum	Negotiable

Deposit pricing is periodically reviewed in response to changes in monetary policy, market liquidity, and competitive conditions.

2.3.4.2 Conventional Lending Products

The Bank provides term loans, overdrafts, working capital facilities, trade finance, mortgage loans, vehicle loans, and project financing across various economic sectors.

Interest rates vary according to:

- Economic sector;
- Customer segment;
- Credit risk assessment;
- Loan tenor;
- Security and collateral coverage;
- Foreign currency generation capacity (where applicable); and
- Relationship profitability.

As of the date of this Prospectus, indicative lending rates include:

Table 25: Lending Rates

Customer Segment	Indicative Lending Rate
Export Financing	17.75%–19.00%
Manufacturing	18.00%–21.00%
Domestic Trade	18.25%–21.00%
Construction & Real Estate	19.50%–22.00%
Agriculture	11.00%–17.75%
Cooperatives	11.00%–18.75%
Institutional Banking	13.25%–16.75%
Consumer Mortgage	21.00%–22.00%
Vehicle Finance	Up to 22.00%

Certain export-oriented and agricultural borrowers may qualify for pricing discounts based on foreign currency generation performance or deposit mobilization ratios under the Bank's approved incentive framework.

2.3.4.3 Interest-Free Banking (IFB)

The Bank offers Shariah-compliant financing products through its Interest-Free Banking window.

Products include:

- Murabaha financing;
- Murabaha revolving financing;
- Export Murabaha;
- Asset financing;
- Trade financing.

Rather than charging interest, IFB products are priced using predetermined profit margins approved by the Bank's Shariah Advisory Committee. Profit rates vary depending on the financing tenor, repayment frequency, and underlying transaction structure.

2.3.4.4 Diaspora Financing

The Bank provides specialized financing facilities for diaspora customers, including:

- Investment loans;
- Mortgage financing;
- Vehicle financing; and
- Working capital facilities.

Pricing is linked to the prevailing foreign currency savings rate plus a fixed margin. The applicable margin decreases as the customer's foreign currency equity contribution increases, thereby rewarding higher customer participation and reducing financing costs.

2.3.4.5 Fees and Charges

In addition to financing profit or interest, the Bank earns non-interest income from:

- Loan processing fees;
- Commitment fees;
- Letter of credit commissions;
- Guarantee commissions;
- Foreign exchange commissions;
- Trade finance charges;
- Account maintenance fees;
- Card and digital banking service charges;
- Money transfer and payment service fees; and
- Other banking service charges.

These fees are reviewed periodically and approved in accordance with the Bank's pricing policy and applicable regulatory requirements.

2.3.5 Service Delivery Points

The Bank delivers banking services through an integrated service delivery infrastructure comprising physical branches, Cash Recycling Machines (CRMs) and Non-Cash Recycling Machine, agent points, and merchant ecosystems. The Bank's service points strategy is designed to enhance customer accessibility, improve operational efficiency, strengthen financial inclusion, and support the transition toward a digital-led banking model.

2.3.5.1 ATM and CRM Infrastructure (Automated Service Points)

The Bank's automated banking infrastructure consists of Non-Cash Recycling Machines (Non-CRM ATMs) and Cash Recycling Machines (CRMs), which collectively support cash withdrawal, cash deposit, and self-service banking transactions.

The expansion of CRM infrastructure is a key component of the Bank's digital transformation and operational modernization strategy. CRMs enable dual functionality (cash-in and cash-out), reduce branch teller dependency, improve transaction speed, and enhance 24/7 customer service availability.

Table 26: ATM and CRM Service Delivery Points

Channel Type	Jun-23	Jun-24	Jun-25	Mar-26	Jun-26
Branches (for reference only)	738	758	753	698	698
Non-CRM ATMs	178	178	178	178	178
CRM Machines	0	510	547	547	587
Total ATM Points	178	688	725	725	765

The Bank's automated banking infrastructure expanded significantly during the review period, particularly through the rapid deployment of CRM machines. CRM infrastructure increased from zero units in June 2023

to 510 units in June 2024 and further to 547 units by June 2025 and March 2026, and to 587 units by June 2026.

This expansion reflects the Bank's strategic shift toward:

- self-service banking,
- reduced branch dependency,
- improved transaction efficiency,
- and digital channel migration.

Non-CRM ATM infrastructure remained stable at 178 units, while the overall ATM/CRM network increased to 765 units by June 2026, demonstrating strong automation-driven service expansion.

The CRM and ATM infrastructure supports both customer transactions and interbank ("off-us") transactions, generating fee-based income. Over the reporting period, CRM operations contributed approximately ETB 102 million in transaction revenue, driven primarily by off-us transactions processed through the Bank's automated network.

The ATM/CRM network operates with an average uptime performance of approximately 93%, reflecting stable system availability and operational reliability. The Bank continues to optimize:

- cash logistics management,
- system uptime,
- cybersecurity monitoring, and
- transaction reconciliation processes.

The ATM infrastructure is distributed across the Bank's district-based operational structure, reflecting transaction intensity, customer density, and commercial activity concentration.

Table 27: ATM Distribution by District

District	Jun-23	Jun-24	Jun-25	Jun-26
Adama	20	64	67	73
Asella	11	38	38	40
Bahir Dar	0	0	6	6
Bale	7	28	28	29
Central Finfine	11	50	61	68
Chiro	6	28	28	30
Dire Dawa	18	55	60	66
East Finfine	14	64	66	66
Hawassa	10	36	40	42
Hossana	4	14	14	16
Jimma	14	43	46	47
Mekelle	1	13	13	13
Nekemte	12	31	31	34
North Finfine	14	60	62	61
Shashemene	9	42	43	45
South Finfine	16	61	61	65
West Finfine	11	61	61	64
Total	178	688	725	765

2.3.5.2 Branch Network and Distribution Strategy

The Bank operates a geographically diversified branch network across major cities, trade corridors, and emerging economic centers in Ethiopia. As of 30 June 2026, the Bank operated 698 branches, compared to 753 branches in June 2025.

The reduction in branch number during the review period does not represent operational decline, but rather reflects a strategic branch network optimization and distribution restructuring initiative undertaken by the Bank.

This adjustment is driven by the Bank's evolving business model, which emphasizes:

- profitability and cost efficiency,
- customer activity and transaction density,
- sustainability of branch operations, and
- increasing substitution of physical channels with digital banking services.

Under this approach, branches located in low-activity or low-commercial viability areas are being rationalized, while service coverage in those locations is maintained through:

- digital banking platforms (CoopApp, mobile money services),
- agency banking networks,
- ATM/CRM infrastructure, and
- and merchant ecosystems.

Accordingly, the reduction in branch count reflects structural reallocation of service delivery capacity rather than contraction of market presence. The Bank continues to maintain nationwide coverage while optimizing its physical footprint in line with profitability and operational efficiency objectives.

This restructuring is expected to:

- improve cost-to-income efficiency,
- enhance branch productivity,
- strengthen return on assets,
- and support long-term sustainable growth.

Table 28 : Geographic Distribution of Branches by District (June 2026)

District	Branches
Adama	48
Asella	39
Bahir Dar	15
Bale	28
Central Finfine	41
Chiro	38
Dire Dawa	58
East Finfine	44
Hawassa	41
Hossana	39
Jimma	47
Mekelle	15

District	Branches
Nekemte	50
North Finfine	54
Shashemene	33
South Finfine	52
West Finfine	56
Total	698

The branch distribution shows concentration in major urban and economically active regions, particularly the Finfine districts, Dire Dawa, Nekemte, Adama, Jimma, and Hawassa. These locations represent key commercial, transport, industrial, and administrative hubs with high transaction volumes and strong customer demand.

The Finfine cluster (Addis Ababa) accounts for a significant share of branch infrastructure, reflecting its role as the national financial and commercial center. Regional cities such as Dire Dawa, Jimma, Adama, and Hawassa also serve as key economic corridors supporting trade, agriculture, logistics, and manufacturing activities.

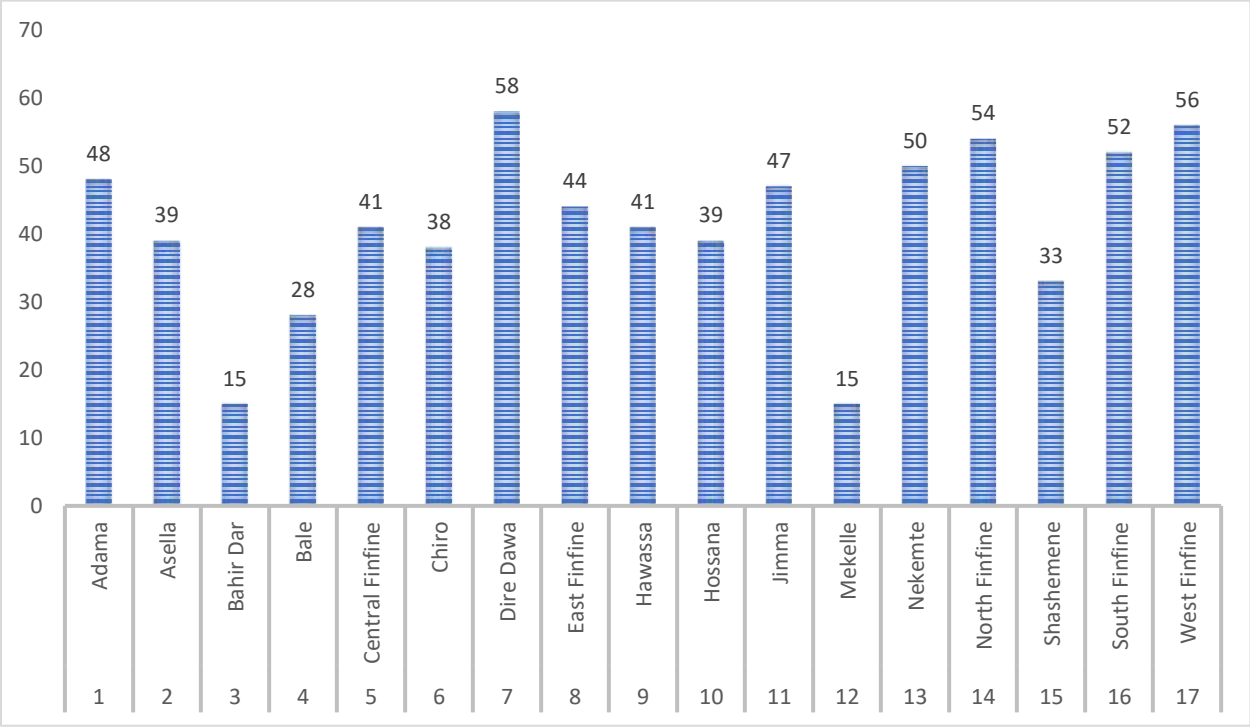
In parallel, the Bank maintains presence in semi-urban and emerging markets including Bale, Chiro, Hossana, Bahir Dar, Mekelle, and Shashemene, supporting financial inclusion and broader access to formal banking services.

The Bank's service delivery strategy continues to evolve toward a balanced omni-channel model, integrating:

- optimized branch networks,
- expanded ATM/CRM infrastructure,
- agency banking expansion, and
- digital financial services.

This approach ensures improved scalability, operational efficiency, and sustainable long-term cost optimization while maintaining nationwide service coverage.

Figure 1: Geographic Distribution of Branches by District (June 2026)



2.3.5.3 Service Delivery Points – Agent and Merchant Network

The Bank operates one of the largest agent and merchant banking ecosystems in Ethiopia as part of its digital financial inclusion and alternative channel banking strategy. The agent banking model enables the Bank to extend banking services beyond conventional branch infrastructure into underserved, rural, and high-transaction commercial areas.

As at 30 June 2026, the Bank's network included 42,817 active agents and 368,739 merchants nationwide. The agent ecosystem supports a wide range of banking services including:

- Cash-in and cash-out services (CICO);
- Wallet account opening;
- Bill payment services;
- Local remittance services;
- Merchant payment processing; and
- Digital transaction facilitation.

During the 2025 reporting period, the Bank processed approximately 131.08 million agent transactions serving approximately 46.63 million customers, with total transaction values reaching approximately ETB 951.71 billion. For the year ended 30 June 2026, the Bank processed 158,025,230 agent transactions, serving 48.2 million customers with a total transaction value of ETB 1,154.59 billion.

Table 29: Agent Transactions by District – 2025

No.	District	Number of Transactions	Number of Customers	Transaction Volume (ETB)
1	Adama	391,129	115,792	4,308,470,982
2	Asella	128,435	18,912	642,374,706
3	Bahir Dar	86,075	30,185	190,516,690
4	Bale	1,022,007	374,805	12,503,301,366

No.	District	Number of Transactions	Number of Customers	Transaction Volume (ETB)
5	Central	3,591,306	1,275,356	28,518,412,630
6	Chiro	1,101,621	343,388	15,446,356,824
7	Dire Dawa	39,614,497	13,427,348	356,032,631,695
8	Eastern Finfine	5,771,234	2,400,541	45,805,995,597
9	Hawassa	493,640	188,342	2,154,705,243
10	Hosanna	600,567	247,573	2,562,047,419
11	Jimma	36,404	9,924	70,112,146
12	Mekelle R/S	1,543	1,110	10,523,913
13	Nekemte	366,510	131,358	899,494,978
14	Northern Finfine	364,587	122,640	1,756,065,046
15	Shashemene	46,709	12,749	152,185,014
16	Southern Finfine	1,300,460	536,765	8,537,785,462
17	Western Finfine	102,007	39,246	546,249,173
18	Qoraxey	1,263	439	804,318
19	Omar Agent	3,934,243	1,609,102	27,463,851,345
20	Sehal Digital	72,120,891	25,748,429	444,112,653,721
Total		**131,075,128**	**46,634,004**	**951,714,538,267**

The transaction structure indicates significant concentration within high-volume digital transaction corridors such as Sehal Digital, Dire Dawa, Eastern Finfine, and Omar Agent operations. These channels collectively represent a substantial component of the Bank's alternative delivery infrastructure.

The Bank selects agent and merchant locations based on commercial potential, customer density, financial accessibility requirements, regional economic activity, and financial inclusion objectives. Priority is generally given to underserved areas, active marketplaces, high population centers, and regions with limited formal banking penetration.

Branch operations are responsible for daily liquidity management and agent float administration, while centralized finance and operational teams provide reconciliation oversight, transaction monitoring, and operational supervision.

The Bank applies operational controls and compliance procedures relating to:

- Know Your Customer (KYC) requirements;
- AML/CFT monitoring procedures;
- Transaction monitoring systems;
- Periodic agent training;
- Operational audits;
- Customer identification requirements; and
- Suspicious transaction reporting mechanisms.

The agent and merchant ecosystem also exposes the Bank to operational, compliance, fraud, liquidity, and reputational risks which are continuously monitored through the Bank's internal control and risk management frameworks.

Overall, the expansion of the Bank's automated banking channels, CRM infrastructure, and agent banking ecosystem demonstrates the Bank's strategic transition toward a digitally integrated banking model designed to improve scalability, operational efficiency, financial inclusion, and nationwide customer accessibility.

2.3.5.4 Coopay-Ebirr Mobile Money Platform

Coopay-Ebirr is the Bank's mobile money platform that enables customers to perform secure and convenient digital financial transactions through mobile devices. The platform supports a broad range of financial services, including person-to-person (P2P) transfers, merchant payments, cash-in and cash-out services, bill payments, airtime purchases, account-to-wallet transactions, wallet-to-bank transfers, and other digital payment services. As a key component of the Bank's digital banking ecosystem, Coopay-Ebirr enhances financial inclusion by extending access to formal financial services beyond the traditional branch network.

The platform has become an important operational channel supporting the Bank's digital transformation strategy by increasing transaction convenience, reducing reliance on physical branches, expanding customer outreach, and improving operational efficiency. Coopay-Ebirr also contributes to the Bank's non-interest income through transaction fees and service charges while supporting deposit mobilization, customer acquisition, and digital payment adoption.

The platform has demonstrated strong growth across all key performance indicators during the review period. Transaction volume increased from 118.43 million transactions in 2023 to 482.95 million transactions in 2024, before rising to 1.26 billion transactions in 2025. In the year ended 30 June 2026, transaction volume was 2.30 billion transactions, reflecting continued acceleration in customer adoption and digital payment utilization.

Similarly, the total value of transactions processed through Coopay-Ebirr increased significantly from ETB 445.63 billion in 2023 to ETB 1.39 trillion in 2024, and further to ETB 3.35 trillion in 2025. In the year ended 30 June 2026, transaction value was approximately ETB 6.40 trillion, demonstrating the platform's increasing importance in facilitating high-value digital financial transactions across the Ethiopian economy.

Customer adoption has also expanded substantially over the review period. The number of active customers increased from 8.60 million in 2023 to 13.02 million in 2024, and further to 17.12 million in 2025. By 30 June 2026, the platform served 22.33 million active customers, reflecting the Bank's continued expansion of digital financial services and growing acceptance of mobile money solutions among retail customers, cooperatives, MSMEs, and institutional users.

The sustained growth in transaction volume, transaction value, and active customer base demonstrates Coopay-Ebirr's strategic importance within the Bank's operating model. The platform supports the Bank's objectives of enhancing digital financial inclusion, improving operational scalability, strengthening customer engagement, increasing fee-based income, and reducing dependence on traditional over-the-counter banking services. As digital financial services continue to expand, Coopay-Ebirr is expected to remain a key driver of the Bank's operational efficiency, revenue diversification, and long-term sustainable growth.

Table 30: Coopay-Ebirr Performance

Year	Transaction Volume	Transaction Value (ETB)	Active Customers
2023	118,433,585	445,631,470,241.46	8,603,572
2024	482,954,277	1,389,429,728,423.46	13,018,362
2025	1,261,368,803	3,347,064,258,857.71	17,118,845
30 June 2026	2,300,000,000	6,400,000,000,000.00	22,330,000

2.3.5.5

2.3.5.6 CoopApp Mobile Banking Platform

CoopApp is the Bank's mobile banking application that provides customers with secure, convenient, and real-time access to a wide range of banking services through smartphones and other mobile devices. The platform enables customers to perform account inquiries, fund transfers, bill and utility payments, merchant payments, airtime purchases, loan repayments, account management, and other digital banking transactions without visiting a physical branch.

As an integral component of the Bank's digital banking ecosystem, CoopApp supports the Bank's digital transformation strategy by enhancing customer convenience, improving service accessibility, reducing transaction processing costs, and increasing the utilization of self-service banking channels. The platform also contributes to operational efficiency by migrating routine banking transactions from traditional branch operations to digital channels, thereby improving customer experience while optimizing resource utilization.

CoopApp has experienced significant growth across all key performance indicators during the review period. Transaction volume increased from 10,590 transactions in 2023 to 50,628 transactions in 2024, representing the initial expansion of customer adoption following the enhancement of the platform. Transaction volume further increased to 284,505 transactions in 2025 and 561,416 transactions in the year ended 30 June 2026, reflecting the continued migration of customers toward digital banking services.

The value of transactions processed through CoopApp also recorded substantial growth. Transaction value increased from approximately ETB 55 million in 2023 to ETB 165 million in 2024, before rising significantly to approximately ETB 11.8 billion in 2025. In the year ended 30 June 2026, transaction value was ETB 29.63 billion, demonstrating the platform's growing importance in facilitating high-value digital banking transactions.

Similarly, the number of active CoopApp users increased steadily from 19,033 customers in 2023 to 30,051 customers in 2024, followed by significant growth to 116,203 customers in 2025 and 164,437 customers at 30 June 2026, comprising 164,008 retail customers and 429 business merchants. This growth reflects increasing customer confidence in digital banking services, improved digital literacy, and the Bank's continued investment in digital product development and customer engagement.

The consistent expansion in transaction volume, transaction value, and active users demonstrates CoopApp's increasing strategic importance within the Bank's digital banking ecosystem. The platform supports the Bank's objectives of strengthening customer engagement, expanding digital financial service delivery, improving operational efficiency, diversifying non-interest income, and reducing dependence on branch-based service delivery. CoopApp is expected to remain a key driver of the Bank's digital transformation and long-term operational scalability.

Table 31: CoopApp Mobile Banking Performance

Year	Transaction Volume	Transaction Value	Active Customers
2023	10,590	ETB 55 million	19,033
2024	50,628	ETB 165 million	30,051
2025	284,505	ETB 11.8 billion	116,203
2026	561,416	ETB 29.63 billion	164,437

The continued growth of CoopApp reflects the Bank's commitment to expanding digital banking services, enhancing customer convenience, and supporting a more efficient, technology-driven banking model that complements its nationwide branch network and other digital service channels.

2.3.5.7 Card Banking Services

Card Banking represents one of the Bank's principal digital payment channels, enabling customers to access banking services through debit and other payment cards across Automated Teller Machines (ATMs), Cash Recycling Machines (CRMs), Point-of-Sale (POS) terminals, and other electronic payment infrastructures. The service facilitates cash withdrawals, balance inquiries, merchant payments, and other electronic banking transactions, providing customers with secure and convenient access to banking services beyond traditional branch operations.

The Bank continues to expand its card banking ecosystem as part of its digital transformation strategy to promote cashless payments, improve customer convenience, strengthen transaction banking services, and

enhance operational efficiency. Card banking also contributes to the Bank's non-interest income through transaction fees, interchange fees, card issuance charges, and other electronic banking service revenues.

The platform has demonstrated consistent growth over the review period. Transaction volume increased from 968,153 transactions in 2023 to 2.28 million transactions in 2024, before reaching 4.42 million transactions in 2025. For the year ended 30 June 2026, the platform processed 24.59 million transactions, reflecting the continued expansion of electronic payment services.

The value of transactions processed through Card Banking also increased significantly from approximately ETB 1.17 billion in 2023 to ETB 6.57 billion in 2024, and further to ETB 13.86 billion in 2025. During the year ended 30 June 2026, transaction value reached approximately ETB 30.88 billion, demonstrating the increasing utilization of electronic payment channels.

The number of active card users increased substantially from 10,569 customers in 2023 to 42,757 customers in 2024, and further to 158,171 customers in 2025. As at 30 June 2026, 525,492 active cards had utilized the service. The Bank produced 323,355 cards during FY2026 and maintained a card portfolio of 1.13 million cards as at 30 June 2026.

The continued expansion of Card Banking reflects the Bank's commitment to promoting digital payments, enhancing customer convenience, reducing cash-based transactions, and strengthening the overall digital banking ecosystem. The platform also supports operational efficiency by increasing self-service banking and reducing dependency on over-the-counter transactions.

Table 32: Card Banking Performance

Business Year	Transaction Volume	Transaction Value (ETB)	Active Customers
2023	968,153	1,169,411,047.38	10,569
2024	2,279,850	6,574,382,052.66	42,757
2025	4,419,844	13,855,434,631.13	158,171
30 June 2026	24,591,303	30,880,231,181.47	525,492

2.3.5.8 Foreign Currency Approval by Economic Sector

During FY2022/23 to FY2025/26, the Company obtained foreign currency approvals for various economic sectors to support its import-related and other foreign currency requirements. The total amount of foreign currency approved increased significantly from USD 49.74 million in FY2022/23 to USD 635.83 million in FY2025/26, representing an overall increase of approximately 1,178.3% over the period. Annual approvals increased by 194.1% in FY2023/24, 95.2% in FY2024/25, and 122.7% in FY2025/26, indicating a substantial expansion in the Company's foreign currency requirements during the period under review.

The composition of foreign currency approvals also changed significantly over the period. In FY2022/23, machineries represented the largest category, with USD 18.08 million, followed by service payments at USD 9.87 million and construction materials at USD 4.26 million. In FY2023/24, service payments and raw materials were the principal categories, accounting for USD 50.06 million and USD 28.34 million, respectively. In FY2024/25, fuel and lubricants became the largest category at USD 86.97 million, followed by service payments at USD 60.59 million and food items at USD 28.30 million.

In FY2025/26, foreign currency approvals were concentrated primarily in fuel and lubricants, food items, service payments, machineries, and vehicles. These five categories accounted for approximately 68.5% of total approved foreign currency during the year. Fuel and lubricants accounted for the largest share at 22.6%, followed by food items at 17.2%, service payments at 10.5%, machineries at 10.2%, and vehicles at 8.1%.

The significant increase in approvals for fuel and lubricants, food items, machinery, vehicles, construction materials, electronics, and manufacturing indicates increased foreign currency requirements across both operational and investment-related activities. In particular, foreign currency approvals for fuel and lubricants increased from USD 0.97 million in FY2022/23 to USD 143.91 million in FY2025/26, while food-related approvals increased from USD 1.90 million to USD 109.33 million over the same period. Approvals for machineries increased from USD 18.08 million to USD 64.83 million, while vehicle-related approvals increased from USD 1.85 million to USD 51.29 million.

The increase in foreign currency approvals reflects approved foreign currency requirements and should not, in itself, be interpreted as equivalent to foreign currency utilization, revenue, or expenditure. Actual utilization may differ from approved amounts depending on the timing and completion of underlying transactions.

Table: Foreign Currency Approved by Economic Sector (FY2022/23–FY2025/26)

S/N	Sector	FY2025/26 (USD)	FY2024/25 (USD)	FY2023/24 (USD)	FY2022/23 (USD)
1	Agricultural Inputs	3,904,473.06	3,832,377.47	3,322,072.30	3,795,539.19
2	Chemicals	17,440,644.92	3,237,025.13	5,507,448.50	417,226.83
3	Construction Materials	46,547,961.48	13,477,678.15	11,142,876.78	4,262,395.45
4	Education Materials	184,836.15	1,440,956.06	640,547.47	109,020.00
5	Electronics	50,315,942.70	4,308,907.14	4,212,078.18	511,931.21
6	Food Items	109,330,819.75	28,303,832.46	6,421,444.71	1,895,545.84
7	Fuel and Lubricants	143,913,967.97	86,971,205.15	1,737,762.34	968,634.40
8	Furniture	50,139.20	343,660.30	150,364.96	213,548.32
9	Machineries	64,829,972.44	5,755,956.31	2,236,178.02	18,084,817.62
10	Manufacturing	35,603,405.52	6,117,573.72	11,655,634.43	1,108,662.85
11	Medicine and Medical Equipment	11,207,304.01	7,290,000.74	4,103,922.36	2,378,520.91
12	Raw Materials	14,385,015.30	24,709,199.80	28,336,779.59	245,322.76
13	Service Payment	66,474,918.78	60,588,723.76	50,060,400.26	9,872,857.21
14	Spare Parts	19,910,519.11	8,484,374.73	3,314,202.40	3,727,459.05
15	Vehicles	51,289,955.91	26,472,861.70	11,641,094.05	1,853,090.80
16	Others	436,337.56	4,139,085.95	1,798,014.94	293,915.38
	Total	**635,826,213.85**	**285,473,418.57**	**146,280,821.29**	**49,738,487.82**

2.3.6 Michu Product Performance and Strategic Partnership

The Bank operates the Michu digital lending platform under a strategic partnership arrangement with Kifiya Financial Technology PLC. The platform is designed to support digital credit delivery, alternative credit scoring, customer onboarding, and ecosystem-based lending services, thereby enhancing the Bank's digital financial services capability and financial inclusion objectives.

Under the terms of the agreement, Kifiya Financial Technology PLC is entitled to 30% of distributable profit generated from the Michu platform. The arrangement reflects a revenue participation model aligned with the provision of technology infrastructure, platform development, and operational support services.

2.3.6.1 Michu Financial Performance Overview

The Michu platform has demonstrated a strong and sustained upward growth trajectory over the reporting period, reflecting increasing adoption of digital lending services and expansion of ecosystem-based financial solutions.

Table 33: Historical financial performance of the Michu platform

No	Quarter	Total Revenue (ETB'000)	Total Expense (ETB'000)	Profit Before Tax (ETB'000)	Profit After Tax (ETB'000)
1	Q1 2022	2,317.13	-	2,317.13	1,621.99
2	Q2 2022	8,597.22	-	8,597.22	6,018.06
3	Q3 2023	5,875.07	-	5,875.07	4,112.55
4	Q4 2023	4,465.39	-	4,465.39	3,125.77
5	Q1 2023	6,084.64	5,209.53	875.11	612.58
6	Q2 2023	51,168.47	43,809.28	7,359.20	5,151.44
7	Q3 2024	89,694.70	57,165.17	32,529.53	22,770.67
8	Q4 2024	218,205.04	139,068.73	79,136.31	55,395.42
9	Q1 2024	243,459.51	129,361.60	50,617.59	35,432.31
10	Q2 2024	339,309.27	242,803.47	47,821.52	33,475.06
11	Q3 2025	510,523.96	250,789.64	186,484.06	130,538.84
12	Q4 2025	631,355.65	312,736.95	212,996.61	149,097.62
13	Q1 2025	665,981.94	379,880.96	191,258.50	133,880.95
14	Q2 2025	743,561.50	471,315.34	181,996.56	127,397.59
15	Q3 2026	804,021.45	545,407.17	172,883.64	121,018.55

A) Revenue Growth Trend

Revenue increased from ETB 2.3 million in Q1 2022 to ETB 804.0 million in Q3 2026, indicating significant scalability of the platform.

- Early stage (2022–2023): Low base revenue reflecting pilot operations and initial market entry
- Expansion stage (2023–2024): Rapid acceleration driven by customer acquisition and product scaling
- Growth stage (2024–2025): Strong exponential increase supported by ecosystem expansion
- Maturity stage (2025–2026): Continued growth with improving stability and scale efficiency

Overall, the platform exhibits a compound exponential growth pattern rather than linear growth.

B) Key Revenue Growth Movements

- Revenue increased from ETB 2.3 million to ETB 51.2 million, representing early-stage scale expansion
- Further growth from ETB 51.2 million to ETB 243.5 million, reflecting strong market penetration
- Expansion from ETB 243.5 million to ETB 804.0 million, indicating mature-scale digital lending operations

This growth pattern demonstrates strong platform adoption and increasing transaction intensity.

C) Expense Growth Trend

Total expenses increased from ETB 5.2 million in 2023 to ETB 545.4 million in 2026, driven by:

- Expansion of digital infrastructure and system capacity
- Growth in customer acquisition and servicing costs
- Credit administration and loan management expenses
- Platform maintenance and technology support costs
- Ecosystem integration and operational scaling requirements

Despite the increasing cost base, revenue growth has generally outpaced expense growth, indicating positive operating leverage.

D) Profitability Performance

The platform has consistently generated positive profitability throughout the reporting period. Profit after tax increased from ETB 1.6 million to a peak of approximately ETB 149.1 million, before stabilizing at slightly lower levels in later periods.

This trend reflects:

- Strong scalability of the digital lending model
- Effective monetization of ecosystem-based services
- Increasing operational efficiency during expansion phases
- Gradual margin stabilization as the platform matures

2.3.6.2 Kifiya Profit Sharing Arrangement

In accordance with the partnership agreement, Kifiya Financial Technology PLC is entitled to 30% of distributable profit from the Michu platform.

This arrangement has resulted in increasing profit-sharing obligations in absolute terms, reflecting the platform's growth. While the structure supports strong alignment between the Bank and its technology partner, it also introduces a long-term revenue-sharing obligation that may influence future net margin performance.

2.3.7 Interest-Free Banking Products

Cooperative Bank of Oromia operates a dedicated Interest-Free Banking (IFB) business that provides Shariah-compliant financial products and services to customers who prefer banking services structured in accordance with Islamic finance principles. The Bank offers a range of IFB products, including Murabaha financing, deposit products based on profit-sharing principles, trade finance, working capital facilities, and other Shariah-compliant financing solutions approved by the Bank's Shariah Advisory framework.

The IFB business has become an increasingly important component of the Bank's overall business strategy by expanding financial inclusion, diversifying funding sources, attracting new customer segments, and generating additional non-interest income. The Bank continues to expand its IFB service outlets, product offerings, and customer base in response to growing demand for Shariah-compliant financial services in Ethiopia.

Table 34: IFB income generation

Reporting Period	Mudarabah Profit Paid (ETB)	Murabaha Income (ETB)	Total IFB Income (ETB)
June 2024	91,234,421	573,613,144	917,514,673
December 2024	105,874,961	532,413,505	942,904,305
June 2025	78,649,826	475,533,867	942,152,006
December 2025	52,031,594	601,227,829	683,233,003
June 2026	–	589,884,731	787,876,997
FY2026 (year ended June 2026)	233,350,000	1,191,110,000	1,471,110,000

Over the review period, the Bank's Interest-Free Banking operations continued to generate substantial income and remained an important contributor to the Bank's diversified earnings base. Total IFB income remained consistently strong, reaching ETB 917.5 million in June 2024, ETB 942.9 million in December 2024, and ETB 942.2 million in June 2025, reflecting stable customer demand for Shariah-compliant banking products.

Murabaha financing continued to represent the principal source of IFB income throughout the review period, generating between ETB 475.5 million and ETB 601.2 million across the reporting periods. This demonstrates the continued expansion of asset-backed financing activities within the Bank's Islamic banking portfolio.

Profit distributed to Mudarabah depositors reflects returns generated from the Bank's Shariah-compliant investment activities and varies according to the profitability of the IFB portfolio and the timing of profit distributions. In the half-years for which figures are shown, Mudarabah profit payments ranged from ETB 52.0 million to ETB 105.9 million; for the year ended 30 June 2026 they were ETB 233.4 million (Note 11 of the audited financial statements: ETB 233,350 thousand).

For the six months ended June 2026, IFB operations generated total income of ETB 787.9 million, including Murabaha income of ETB 589.9 million, indicating the continued resilience and growth potential of the Bank's Islamic banking business. For the year ended 30 June 2026, total IFB income was ETB 1,471.1 million, including income from trade financing (Murabaha) of ETB 1,191.1 million, and Mudarabah profit expense was ETB 233.4 million.

2.3.8 Major Interruptions Experienced by Cooperative Bank of Oromia

During the twelve months preceding the date of this Prospectus, the Bank did not experience any material interruption that had a significant adverse effect on its business operations, financial condition, profitability, or ability to provide banking services.

2.3.9 Significant New Products and Services

There are no significant new products or services currently at the planning stage, prototype stage, or under development.

2.3.10 Key Operational Dependencies

The Bank's ability to conduct its business efficiently depends upon a number of critical operational infrastructures, technology platforms, strategic partnerships, and specialized human resources that support the delivery of banking services across its nationwide operations.

2.3.10.1 Core Banking System (Temenos T24)

The Bank's principal operational platform is the Temenos T24 Core Banking System, which serves as the central processing engine for virtually all banking operations.

The Core Banking System supports customer account management, deposit operations, lending activities, payment processing, treasury operations, foreign exchange transactions, regulatory reporting, customer information management, financial accounting, risk management, and integration with all digital banking channels.

The Bank's product architecture, customer segmentation model (ARMING'C), loan management, deposit management, and annual performance reporting are configured and managed through the Core Banking System. Continuous system availability is therefore fundamental to the Bank's operational continuity.

The Bank remains dependent on periodic software maintenance, vendor support, cybersecurity updates, infrastructure upgrades, and system enhancement activities to ensure operational resilience, regulatory compliance, and continued digital transformation.

2.3.10.2 Telecommunications and Network Infrastructure

The Bank depends primarily on national telecommunications infrastructure to provide secure connectivity between its head office, branches, disaster recovery facilities, digital banking platforms, CRM and ATM networks, agent banking outlets, and mobile banking channels.

Reliable network connectivity is essential for real-time transaction processing, customer service delivery, payment settlement, and operational continuity across the Bank's nationwide operations.

2.3.10.3 National Payment Systems and Financial Market Infrastructure

The Bank depends on Ethiopia's national payment ecosystem, including payment switching infrastructure, interoperability platforms, settlement systems, card payment networks, and electronic payment services.

These infrastructures enable ATM transactions, CRM services, mobile payments, merchant acquiring, digital transfers, and interbank settlement services that support the Bank's digital banking operations.

2.3.10.4 SWIFT and International Banking Infrastructure

The Bank relies on the SWIFT network for secure international financial messaging relating to foreign exchange transactions, trade finance, international remittances, and correspondent banking operations.

Continued participation in the SWIFT network is fundamental to the Bank's international banking services and foreign currency operations.

2.3.10.5 Correspondent Banking Relationships

The Bank maintains correspondent banking relationships with reputable international financial institutions to facilitate international payments, foreign currency settlements, trade finance, treasury operations, foreign exchange transactions, and cross-border banking services.

These relationships remain critical to the Bank's international banking business and foreign currency liquidity management.

2.3.10.6 Strategic Digital Ecosystem Partners

The Bank increasingly relies on strategic technology partners, fintech companies, payment service providers, merchant aggregators, agency banking operators, and digital ecosystem participants that support its expanding digital financial services.

These partnerships facilitate transaction processing, merchant acquiring, digital lending, mobile money operations, API connectivity, and customer service innovation.

2.3.10.7 Human Capital Dependency

The Bank's operations depend upon experienced management personnel and skilled professionals across banking operations, information technology, cybersecurity, treasury, risk management, digital banking, credit administration, compliance, finance, and customer service.

Although the Bank does not depend upon any single employee whose departure would materially affect its operations, continued investment in talent development, succession planning, recruitment, and professional capacity building remains important to support long-term institutional growth and digital transformation. The Chief Financial Officer resigned on 16 October 2026, and the Bank's management has assigned the Senior Director of Financial Management, Obbo Tilahun Tesfaye, to approve this Updated Prospectus together with the Chief Executive Officer and the Board of Directors.

2.3.10.8 Institutional Funding Concentration

As of 30 June 2026 (Table 23), the Bank maintained a diversified funding base comprising retail customers, cooperatives, MSMEs, corporate customers, government institutions, NGOs, and other institutional depositors.

While certain institutional customers individually maintain significant deposit balances, the Bank is not materially dependent on any single customer or depositor for its funding or profitability. The Bank continuously monitors funding concentration through its liquidity risk management framework and actively pursues diversification of its deposit base to strengthen funding resilience and long-term financial stability.

2.3.10.9 Royalties, Licensing Fees and Technology Agreements

The Bank utilizes licensed software applications, technology platforms, and information technology solutions, including its Core Banking System, digital banking platforms, cybersecurity applications, and other enterprise software, under commercial licensing and maintenance agreements with technology vendors.

The Bank pays periodic software licensing fees, maintenance charges, technical support fees, and other contractual payments in the ordinary course of business. These payments are recognized as operating expenses and are not individually material to the Bank's profitability or financial condition. The Bank is not dependent on any patent, royalty arrangement, or proprietary intellectual property that is fundamental to its ability to conduct banking operations beyond the ordinary commercial software licensing arrangements customary within the banking industry.

2.4 Principal Markets and Competition

2.4.1 Principal Markets

Cooperative Bank of Oromia S.C. operates throughout Ethiopia through an extensive branch and digital banking network serving retail customers, MSMEs, agricultural cooperatives, commercial enterprises, institutions, government entities, and international trade customers. The Bank generates revenue primarily from conventional banking activities, including lending, deposits, foreign exchange services, trade finance, digital banking, treasury operations, and fee-based financial services.

The Bank's principal geographic markets are organized through district offices that coordinate branch operations across Ethiopia. Revenue generation is diversified across the country's major economic corridors, although a significant proportion originates from the Addis Ababa metropolitan market through the Eastern, Central, North, South and Western Finfine Districts.

Geographic Revenue Distribution

Table 35: Revenue Distribution (ETB '000)

District / Head Office	Jun-2023	Jun-2024	Jun-2025	Jun-2026
Head Office	1,350,538	1,629,888	3,219,922	6,113,177
Eastern Finfine	2,894,153	2,700,604	10,846,515	6,812,519
Central Finfine	5,123,763	6,224,717	5,776,648	7,674,813
South Finfine	990,880	907,410	954,302	1,267,196
North Finfine	524,687	432,355	427,224	510,970
Western Finfine	491,948	645,520	386,273	562,892
Dire Dawa	1,210,565	1,295,251	2,546,976	1,308,125
Jimma	553,742	616,348	975,698	1,001,792
Adama	870,492	771,984	746,398	409,092
Other Districts	1,962,128		1,671,423	2,107,574
Trade Service Process	1,693,134	1,801,974	(7,539,813)	2,377,961
Total Revenue	**17,666,030**	**19,032,855**	**20,011,568**	**30,146,111**

Note: Revenue in Table 35 comprises interest income, fee and commission income and other operating income, and excludes gains on foreign-currency transactions. The totals for the years ended 30 June 2025 and 30 June 2026 agree, allowing for rounding, with the sum of interest income, fee and commission income and other operating income in the audited financial statements; the totals for the years ended 30 June 2023 and 30 June 2024 are lower than that sum (Table 99) by ETB 44,988 thousand and ETB 3,934 thousand, respectively. Other Districts comprises the districts not shown separately. The FY2025 figure for the Trade Service Process is negative because gains on foreign-currency transactions are excluded: in Table 35 of the Prospectus dated September 23/2026, FY2025 revenue of ETB 38.74 billion included the FY2025 gains on foreign-currency transactions of ETB 18.73 billion (Note 7.1 of the audited financial statements), of which ETB 12.07 billion was attributed to the Trade Service Process, which handles the Bank's foreign-exchange business. Excluding them reduces the Trade Service Process figure from ETB 4.53 billion to negative ETB 7.54

billion. The negative amount results from the Bank's internal attribution of revenue among its units for FY2025; it is not negative revenue of the Bank, and the FY2025 total agrees with the audited revenue lines.

The Bank's revenue base reflects broad geographic diversification while maintaining strong market penetration within Ethiopia's major commercial centers.

Key observations include:

- ✓ The Central Finfine District was the Bank's largest revenue-generating district in the year ended 30 June 2026, contributing approximately 25.46% of total revenue.
- ✓ The Eastern Finfine District contributed approximately 22.60% of total revenue in the year ended 30 June 2026.
- ✓ The combined Finfine Districts (Eastern, Central, North, South and Western) generated approximately 55.8% of the Bank's total revenue in the year ended 30 June 2026, reflecting the concentration of commercial activities within Addis Ababa and surrounding economic corridors.
- ✓ Regional markets including Dire Dawa, Jimma, Adama, Hawassa, Asella, Nekemte and Shashemene continue to provide diversified revenue streams and support the Bank's nationwide franchise.
- ✓ Trade Service Process, comprising trade finance, foreign exchange and centralized banking services, represents another significant contributor to revenue, reflecting the Bank's expanding corporate and international banking activities.

The Bank's diversified geographic footprint reduces dependence on any single regional economy and supports stable earnings across different customer segments.

The Bank provides a broad range of banking and financial services to retail customers, MSMEs, agricultural cooperatives, commercial enterprises, institutional customers, government entities, and other customer groups through its nationwide operating network. In line with its new corporate strategy, the Bank has established defined customer and business segments to guide its strategic direction, resource allocation, and business development activities; however, the Bank's current core banking system and related management information infrastructure have not yet been configured to capture, allocate, and report revenue separately by these strategic segments. Consequently, the Bank does not currently maintain revenue information by operating segment in a manner that enables the preparation of a reliable quantitative breakdown of total revenue by segment. Accordingly, a quantitative breakdown of the Bank's total revenue by operating segment is not presented in this Prospectus.

The Bank operates under a single banking business model under its banking licence and does not operate any other independent revenue-generating business segment apart from its core banking business; its operations and financial performance are managed and reviewed on an overall basis rather than through separately identifiable operating segments, and it has therefore not presented revenue by operating segment in its financial statements. The sectoral classification of loans and advances presented in its financial statements groups exposures by economic sector for the purposes of forward-looking information and the estimation of probability of default by sector, and does not represent operating segments as defined in IFRS 8 (Operating Segments).

2.4.2 Industry Structure and Market Landscape

As of 2025, the Ethiopian banking industry consists of 31 licensed commercial banks, including two state-owned banks, the Commercial Bank of Ethiopia and the Development Bank of Ethiopia, and 29 private

commercial banks. The sector has expanded rapidly over the past decade, supported by branch expansion, rising financial inclusion, and digital transformation.

The financial system as a whole remains bank-dominated, but is evolving due to the introduction of capital markets and Non-bank financial players. Total financial sector assets are dominated by commercial banks, while microfinance institutions and capital goods finance companies represent relatively small but fast-growing segments. The insurance sector, though expanding, remains shallow with low penetration (around 0.3 percent of GDP; National Bank of Ethiopia, Financial Stability Report, March 2026), indicating significant growth potential but limited systemic weight.

A major structural milestone is the establishment of the Ethiopian Securities Exchange (ESX), alongside the Interbank Money Market (IMM). These developments are transforming liquidity management, improving price discovery, and creating new capital-raising channels. The IMM alone has already facilitated trillions of birr in transactions, improving short-term funding efficiency and strengthening monetary policy transmission.

Additionally, the regulatory framework has been significantly strengthened through Banking Business Proclamation No. 1360/2025, which introduces:

- A formal bank resolution framework for distressed institutions
- Crisis management tools (administration, liquidation, mergers and acquisitions)
- Opening of the banking sector to foreign investment
- Stronger supervisory and governance standards

These reforms are expected to intensify competition further while improving financial stability.

2.4.1.1 Competitive Dynamics in Banking

Competition in the banking sector is high and multi-dimensional, concentrated in:

- Deposit mobilization
- Lending and credit allocation
- Foreign exchange access
- Digital financial services

Deposit competition remains particularly aggressive, with banks offering attractive interest rates and expanding branch and agent networks. Industry deposit growth averages 20–30 percent annually, driven by both traditional banking and digital channels. Large private banks now hold deposits exceeding ETB 100 billion, setting strong competitive benchmarks.

Foreign exchange remains a structurally constrained and highly competitive segment due to persistent FX shortages. Banks compete intensely for exporters, remittance inflows, and trade-related clients, while recent exchange rate reforms have gradually improved market efficiency and reduced distortions.

Lending competition is strong but regulated by prudential requirements, including concentration limits and capital adequacy standards. Credit allocation is increasingly influenced by sectoral priorities and risk-based supervision, with the system-level NPL ratio improving to 3.1 percent at end-June 2025 (National Bank of Ethiopia, Financial Stability Report, March 2026), indicating strengthened asset quality across the industry.

2.4.1.2 New Entrants and Structural Shifts

Competition has intensified due to several structural developments:

A) Entry of New Banks

New banks established between 2021 and 2023 have adopted aggressive strategies, including:

- Higher deposit interest rates
- Faster loan processing systems
- Technology-driven customer acquisition

B) Transformation of MFIs into Banks

The transformation of major microfinance institutions into commercial banks, including the conversion of Amhara Credit and Saving Institution (ACSI) into Tsedey Bank and Oromia Credit & Saving S.C. (OCSSCO) into Siinqee Bank, has significantly intensified competition within Ethiopia's banking sector. These institutions entered the commercial banking space with extensive rural outreach networks, large customer bases, and deep penetration in underserved and financially excluded communities.

The transformation has strengthened competition particularly in retail banking, MSME financing, agricultural lending, deposit mobilization, and inclusive finance segments. Their established cooperative structures, community-based relationships, and regional coverage provide strong competitive advantages in mobilizing low-cost deposits and expanding financial services across rural, peri-urban, and emerging urban markets.

C) Rise of Non-Bank Digital Competitors

Digital finance platforms, particularly mobile money services such as Telebirr, have significantly reshaped payment ecosystems by capturing large transaction volumes in:

- Mobile payments
- Remittances
- Utility and merchant payments

This has forced banks to accelerate digital transformation, fintech partnerships, and API-based service delivery.

2.4.1.3 Entry of Capital Markets and Future Competition

The introduction of capital markets through the ESX is expected to fundamentally reshape financial competition. Banks will increasingly compete not only for deposits and loans but also for:

- Equity capital raising
- Bond issuance
- Institutional investor funding

Capital markets are also expected to create new pressure for transparency, governance, and performance benchmarking, particularly as banks prepare for potential listing and investor scrutiny.

In addition, the gradual opening of the sector to foreign banks is expected to further intensify competition. Foreign entrants are likely to introduce:

- Advanced risk management systems
- Stronger capitalization
- Product innovation in corporate and investment banking
- Superior digital infrastructure

2.4.3 Macro-Economic Performance

The Ethiopian economy has continued to demonstrate resilience and a gradual stabilization trajectory in recent years, supported by ongoing macroeconomic reforms, structural adjustments, and improved policy coordination between fiscal and monetary authorities. Real GDP growth reached 9.2% in 2024/25, up from 8.1% in 2023/24, reflecting sustained expansion despite domestic and global challenges, and is projected at

10.2% for 2025/26 by the National Bank of Ethiopia[1] and at 9.2% by the IMF[2]. The IMF projects growth of between 7.7% and 8.2% a year from 2026/27 to 2030/31, consistent with a more balanced and reform-driven growth path (Table 36).

Inflation followed a clear disinflation trend from 2022/23, following tight monetary policy measures, exchange rate reforms, and improved supply conditions, although it has risen again since April 2026. Average inflation declined from 33.9% in 2021/22 and 32.5% in 2022/23 to 26.6% in 2023/24 and 16.0% in 2024/25, and is estimated by the IMF at 11.7% for 2025/26 and 12.3% for 2026/27, with single-digit levels projected from 2027/28 (9.2%)[3]. Headline inflation fell to 9.7% in December 2025 but rose to 11.7% in April and 13.4% in May 2026 (food 15.0%; non-food 11.1%)[4]. This reflects the combined effect of monetary tightening, improved agricultural output, and recent financial sector reforms, including foreign exchange liberalization measures highlighted in the National Bank of Ethiopia's Financial Stability Report (March 2026).

Fiscal performance shows gradual consolidation. Government revenue improved from 7.3% of GDP in 2023/24 to 9.2% in 2024/25 and an estimated 10.8% in 2025/26, while expenditure rose from 9.5% to 12.0% and an estimated 14.1% of GDP, giving an overall deficit including grants of 1.2% of GDP in 2024/25 and an estimated 2.0% in 2025/26. Medium-term projections indicate continued fiscal improvement supported by tax reforms and expenditure rationalization, with revenue projected to reach 12.3% of GDP by 2030/31.[5]

Public debt dynamics reflect structural adjustments and exchange rate effects. Total public debt declined from 48.9% of GDP in 2021/22 to 35.5% in 2023/24, before increasing to 50.5% in 2024/25, mainly due to rising external debt exposure and valuation changes following FX market reforms. It is estimated at 45.3% of GDP in 2025/26 and projected to decline to 28.6% by 2030/31 (excluding expected debt relief), supported by fiscal consolidation and improved export earnings.[6]

Monetary developments indicate tightening liquidity conditions followed by gradual normalization. Broad money growth declined from 27.2% in 2021/22 to 14.1% in 2023/24, before rebounding to 35.2% in 2024/25, reflecting policy adjustments and liquidity expansion in the banking system, and has since moderated to 32.7%.[7] Credit to the private sector and state-owned enterprises contracted by 9.7% in 2024/25 and is projected by the IMF to grow by 55.9% in 2025/26; the IMF figures from 2024/25 include the effect of the recapitalisation of the Commercial Bank of Ethiopia.[8] In July 2026 the NBE raised its policy rate from 15% to 16% and removed in full the temporary cap on credit growth introduced in 2024.[9]

The external sector shows mixed but improving performance. Exports of goods and services grew by 42.0% in US dollar terms in 2024/25, supported by commodity exports and services expansion, while imports grew by 3.2%; the IMF projects export growth of 17.2% and import growth of 21.0% in 2025/26[10]. The current

[1] National Bank of Ethiopia. (2026). Governor's statement, Monetary Policy Committee Meeting No. 7, July 2026. National Bank of Ethiopia.

[2] International Monetary Fund. (2026). The Federal Democratic Republic of Ethiopia: Fifth review under the arrangement under the Extended Credit Facility (IMF Country Report No. 26/174), July 2026, Table 1. International Monetary Fund.

[3] IMF Country Report No. 26/174 (July 2026), Table 1.

[4] National Bank of Ethiopia, Governor's statement, Monetary Policy Committee Meeting No. 7 (July 2026).

[5] IMF Country Report No. 26/174 (July 2026), Table 1.

[6] IMF Country Report No. 26/174 (July 2026), Table 1.

[7] National Bank of Ethiopia, Governor's statement, Monetary Policy Committee Meeting No. 7 (July 2026).

[8] IMF Country Report No. 26/174 (July 2026), Table 1.

[9] National Bank of Ethiopia, Governor's statement, Monetary Policy Committee Meeting No. 7 (July 2026).

[10] IMF Country Report No. 26/174 (July 2026), Text Table 2 (exports and imports of goods and services).

account deficit narrowed from US$6.2 billion in 2023/24 to US$1.8 billion in 2025/26[11]; as a share of GDP, the IMF estimates the deficit at 1.1% in 2024/25 and, in projections prepared in June 2026, 2.5% in 2025/26, with FDI at 3.2% of GDP in both years, signaling renewed investor confidence. Foreign exchange reserves increased from 0.5 months of imports in 2022/23 to 1.7 months in 2024/25 and are projected at 2.1 months at the end of 2025/26 and 3.5 months by the end of 2027/28, as reforms deepen.

Overall, Ethiopia is transitioning from a high-growth, high-inflation economy toward a more stable macroeconomic framework. While vulnerabilities remain, particularly external debt pressure, inflation persistence, and FX constraints, the reform momentum is strengthening macroeconomic stability and improving medium-term resilience.

Table 36: Key Economic Indicators

Indicator	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
			Proj.	**Proj.**	**Proj.**	**Proj.**	**Proj.**	**Proj.**
Real GDP growth (%)	8.1	9.2	9.2	7.8	8.2	8.2	8.0	7.7
Inflation - average (%)	26.6	16.0	11.7	12.3	9.2	7.8	6.8	6.7
General government finances								
Revenue (% GDP)	7.3	9.2	10.8	11.4	11.8	12.1	12.2	12.3
Expenditure (% GDP)	9.5	12.0	14.1	13.5	13.5	14.0	14.0	14.0
Fiscal balance, incl. grants (% GDP)	-2.0	-1.2	-2.0	-1.2	-1.4	-1.6	-1.6	-1.6
Public debt (% of GDP) and reserves								
Public debt	35.5	50.5	45.3	40.8	37.2	34.0	31.2	28.6
Domestic debt	19.7	18.7	15.4	13.7	12.6	12.6	12.5	11.9
External debt (incl. IMF)	15.8	31.8	29.9	27.1	24.5	21.4	18.7	16.7
Money and Credit								
Broad money (% change)	14.1	35.2	30.3	25.3	23.9	19.2	18.4	19.9
Credit to private sector and SOEs (% change)	9.3	-9.7	55.9	24.8	23.6	24.1	23.2	19.1
External sector								
Exports of goods and services change (US$, f.o.b.) (%)	8.1	42.0	17.2	14.9	8.5	12.9	12.3	12.3
Imports of goods and services change (US$, c.i.f.) (%)	7.8	3.2	21.0	7.3	8.3	13.6	12.0	13.4
Current account (% GDP)	-2.9	-1.1	-2.5	-1.3	-1.5	-2.0	-2.0	-2.7
FDI (% GDP)	1.9	3.2	3.2	2.9	3.0	3.0	3.1	3.1
Reserves (months of imports)	0.7	1.7	2.1	2.7	3.5	3.7	3.8	3.8

Note: 2023/24 and 2024/25 are outturns; 2025/26 to 2030/31 are IMF projections.[12] Public debt excludes expected debt relief; external debt is public and publicly guaranteed external debt; credit growth from 2024/25 includes the effect of the recapitalisation of the Commercial Bank of Ethiopia. Domestic debt, exports and imports are from Text Table 2 of the same report.

2.4.4 Capital Market Performance

The Ethiopian capital market is at an early but rapidly transforming stage, characterized by significant structural reforms aimed at transitioning from a bank-dominated, administratively controlled financial system toward a market-based capital allocation framework. Historically, Ethiopia lacked a functional secondary securities market, and government securities were primarily issued through administrative arrangements rather than competitive market pricing mechanisms. This structure reflected a form of financial repression,

[11] National Bank of Ethiopia, Governor's statement, Monetary Policy Committee Meeting No. 7 (July 2026).

[12] International Monetary Fund. (2026). The Federal Democratic Republic of Ethiopia: Fifth review under the arrangement under the Extended Credit Facility (IMF Country Report No. 26/174), July 2026, Table 1. International Monetary Fund.

where commercial banks were effectively required to absorb government securities at Non-market-determined rates, limiting the development of deep and liquid capital markets.

The establishment of the Ethiopian Capital Market Authority (ECMA) under Proclamation No. 1248/2021 and the official launch of the Ethiopian Securities Exchange (ESX) in January 2025 represent a structural turning point in the financial system. These reforms are complemented by the operationalization of the Interbank Money Market (IMM) in October 2024, which had facilitated transactions exceeding ETB 3.0 trillion by May 2026[13], significantly improving liquidity management and monetary policy transmission.

A major milestone in market development has been the transition of Treasury bill (T-bill) pricing from a largely regulated system to a market-based auction mechanism. Following reforms introduced in mid-2024, yields began adjusting upward to reflect market conditions, increasing investor participation and improving auction performance. This shift has strengthened price discovery, enhanced demand for government securities, and reduced reliance on administrative allocation mechanisms.

In the 2024/25 fiscal year, T-bill auctions recorded total demand of ETB 390.6 billion and sales of ETB 384.4 billion, compared with demand of ETB 812.9 billion and sales of ETB 797.8 billion in 2023/24. Outstanding T-bills stood at ETB 272.2 billion at end-June 2025 (end-June 2024: ETB 447.8 billion), of which banks held ETB 159.5 billion and non-bank institutions ETB 112.8 billion (Table 37) (National Bank of Ethiopia, Quarterly Bulletin, Fourth Quarter 2024/25). At 30 June 2025 the Commercial Bank of Ethiopia held 45.3% of outstanding T-bills, pension funds 32.5%, other commercial banks 13.5% and insurance companies 6.1% (Ministry of Finance, Monthly Domestic Debt Bulletin, August 2025).

The average weighted yield on T-bills increased steadily from 1.7% in 2018/19 to 9.7% in 2023/24, and rose to 16.8% in the fourth quarter of 2024/25, with 364-day yields reaching 18.0% (National Bank of Ethiopia, Quarterly Bulletin, Fourth Quarter 2024/25), reflecting the transition toward market-determined interest rates and alignment with inflation expectations. This development has significantly improved real returns on government securities, strengthening demand and reinforcing the credibility of the reform process. The weighted average T-bill yield subsequently declined to 12.3% in May 2026 from 15.5% a year earlier, and the 91-day yield to 11.0%.[14]

In parallel, the corporate debt market remains in its infancy, with limited issuance and narrow investor participation. The Commercial Bank of Ethiopia (CBE) remains the dominant institutional investor in corporate bonds, although its participation has declined significantly, reflecting a gradual shift toward market diversification and alternative investment instruments.

The broader capital market reform agenda is supported by coordinated efforts from the International Monetary Fund (IMF), World Bank, and the Ministry of Finance. Key reforms include the planned elimination of mandatory T-bill subscription requirements for commercial banks, development of a central securities depository (CSD), dematerialization of government securities, and improved issuance planning frameworks. These reforms aim to strengthen transparency, efficiency, and secondary market development.

Overall, Ethiopia's capital market is transitioning from a segmented and administratively controlled system toward an integrated, market-based financial ecosystem. The combination of ESX launch, interbank market development, and T-bill pricing reforms has created early signs of financial deepening and improved investor

[13] National Bank of Ethiopia, Governor's statement, Monetary Policy Committee Meeting No. 7 (July 2026).

[14] National Bank of Ethiopia, Governor's statement, Monetary Policy Committee Meeting No. 7 (July 2026).

participation. While the market remains nascent, these structural reforms are laying the foundation for long-term capital mobilization, improved fiscal financing efficiency, and private sector investment expansion.

Table 37: Treasury Bill Market Activity (ETB million, FY2018/19–FY2024/25)

Indicator	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
T-Bills Demanded (Total)	422,633.5	242,155.1	284,783.6	599,478.6	595,231.3	812,892.1	390,608.3
T-Bills Sold	422,633.5	242,155.1	238,799.6	582,268.6	576,081.3	797,797.1	384,390.0
Average Weighted Yield (%)	1.7	4.8	8.0	9.5	9.7	9.7	n.a.
T-Bills Outstanding (Total)	138,054.4	23,724.0	116,560.0	317,169.6	341,869.5	447,802.9	272,242.2
Banks	650.0	5,604.0	52,040.0	195,432.3	146,568.1	162,259.3	159,461.5
Non-Banks	137,404.4	18,120.0	64,520.0	121,737.3	195,301.5	285,543.6	112,780.7

Source: National Bank of Ethiopia, Quarterly Bulletin, Fourth Quarter 2024/25, Table 3.7. The 2024/25 average weighted yield is not reported in the annual table; the weighted average T-bill yield in the fourth quarter of 2024/25 was 16.8%.

2.4.5 Growth Rate, Inflation Rate, Exchange Rate, and Monetary Policies

As pointed out above, Ethiopia's economic narrative is defined by robust growth coupled with persistent inflationary pressures and NBE actively reforming its monetary policy framework. As can be observed in Figure 2, real GDP growth reached 9.2% in 2024/25, up from 8.1% in 2023/24 and 7.2% in 2022/23. Looking further ahead, the IMF projects growth of 9.2% in 2025/26 and of between 7.7% and 8.2% a year from 2026/27 to 2030/31, indicating a sustained expansionary trend.[15]

Figure 2: Real GDP Growth and Inflation Rate (Average Annual %)

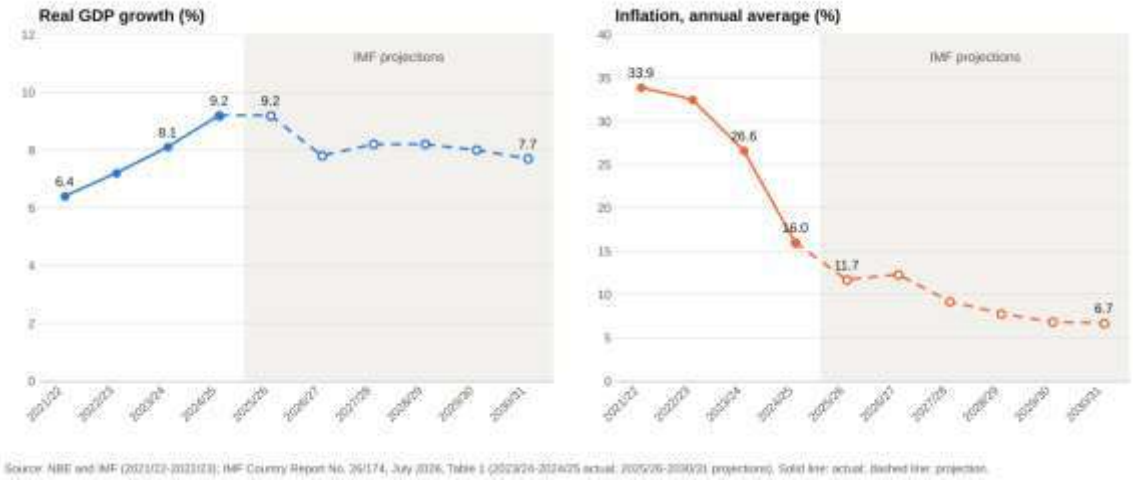


Figure Note: Real GDP growth rose from 6.4% in 2021/22 to 9.2% in 2024/25, while average inflation eased from 33.9% in 2021/22 to 16.0% in 2024/25. The IMF projects growth of 9.2% in 2025/26 and of 7.7% to 8.2% a year to 2030/31, and average inflation of 11.7% in 2025/26 and 12.3% in 2026/27, falling to single digits from 2027/28 (IMF Country Report No. 26/174).

However, this growth was significantly offset by high inflation. The Country-level general inflation (CPI growth rate) was 26.6% in 2023/24, a moderation from 32.5% in 2022/23 and 33.9% in 2021/22, and a notable increase from 20.2% in 2020/21. Food inflation (28.1%) and non-food inflation (24.4%) remained substantial in 2023/24, before easing to 16.2% and 15.8%, respectively, in 2024/25 (National Bank of Ethiopia, Quarterly

[15] IMF Country Report No. 26/174 (July 2026), Table 1.

Bulletin, Fourth Quarter 2024/25). More recently, average inflation fell to 16.0% in 2024/25 and headline inflation to 9.7% in December 2025, before rising to 13.4% in May 2026.[16] Furthermore, the medium-term outlook anticipates a decline in inflation, with average inflation projected at 11.7% in 2025/26 and 12.3% in 2026/27, reaching single digits from 2027/28 (9.2%) and 6.7% by 2030/31, contingent on prudent monetary and fiscal policies (IMF 2026[17]). The projected decline in inflation to single digits is a critical positive trend attributed to tighter macroeconomic management, improved foreign exchange availability, and targeted policy interventions. Real lending and Treasury bill rates turned positive in 2024/25, while real deposit rates remained negative at end-June 2025, when the average savings deposit rate was 8.0% (National Bank of Ethiopia, Quarterly Bulletin, Fourth Quarter 2024/25, and Financial Stability Report, March 2026). In July 2026 the NBE reported that short-term market interest rates had remained positive in real terms (National Bank of Ethiopia, Monetary Policy Committee, July 2026). For disinflation to be sustainable, real deposit rates also need to turn positive to encourage saving and curb demand-side inflationary pressure.

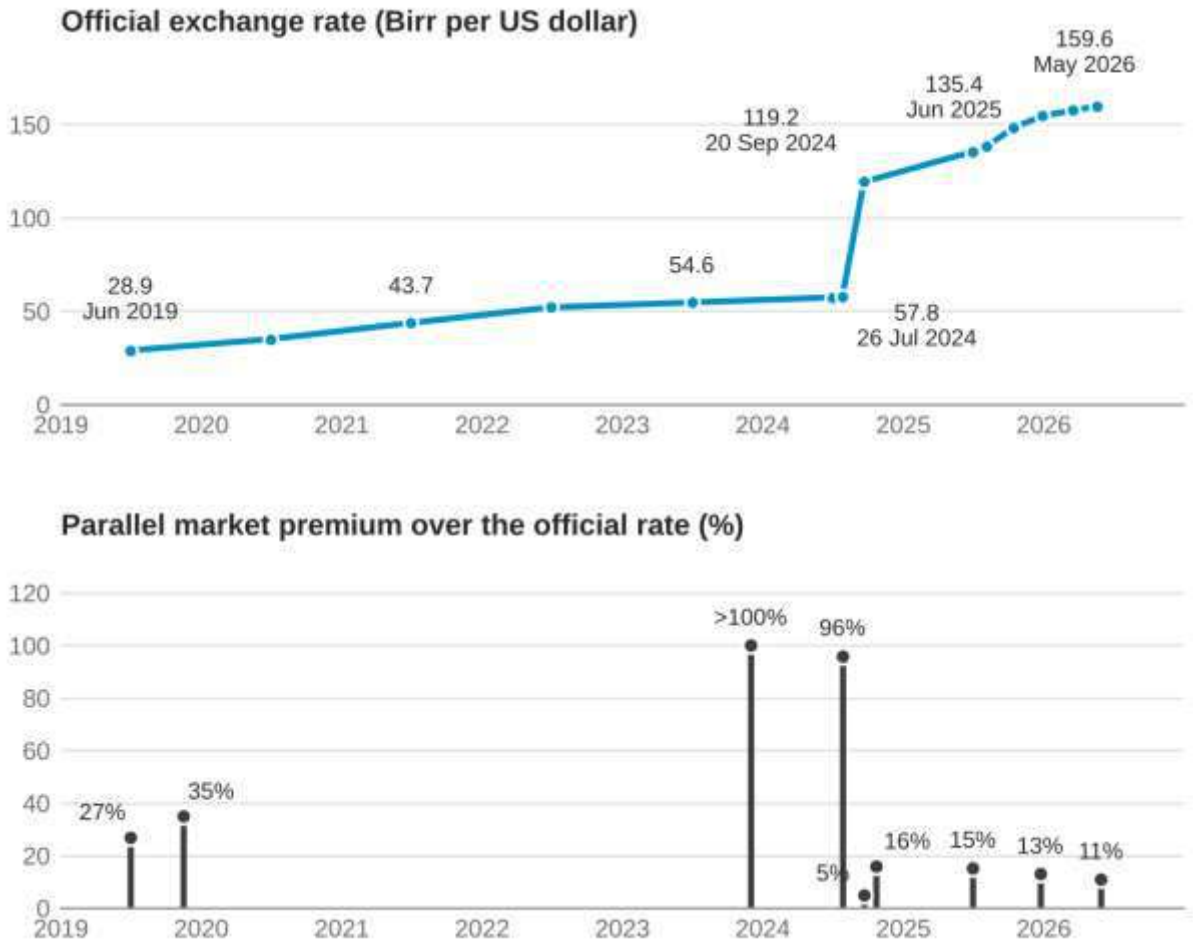
A stable, lower-inflation environment is crucial for enhancing the real value of investments and fostering a more predictable lending and investment climate for banks. Positive real interest rates would encourage deposit mobilization, improve banks' funding bases, and potentially reduce reliance on more expensive term deposits. The exchange rate regime change in July 2024 was a critical, albeit painful component of this stabilization effort. Before the reform, the official rate depreciated gradually from Birr 28.91 per US dollar at end-June 2019 to Birr 57.33 at end-June 2024 (National Bank of Ethiopia), while the parallel market premium widened from an average of 27% in 2018/19 to over 100% by November 2023 (IMF Country Report No. 20/29; IMF Selected Issues Paper SIP/2025/105). The shift to a market-based exchange rate regime on 29 July 2024 led to an immediate and sharp depreciation of the Ethiopian Birr, with the official rate moving from Birr 57.8 per US dollar on 26 July 2024 to an indicative rate of Birr 119.2 on 20 September 2024, while the spread between the parallel and official rates narrowed from 96% to around 5% (IMF Country Report No. 24/318, November 2024). The weighted average official rate was Birr 94.13 per US dollar in July–September 2024 and Birr 132.76 per US dollar in April–June 2025 (National Bank of Ethiopia, Quarterly Bulletins, First and Fourth Quarters 2024/25). At end-June 2025 the official rate was Birr 135.37 per US dollar and the parallel market spread about 15.3% (National Bank of Ethiopia, Birritu No. 142). The birr has continued to depreciate gradually, by about 1.3% a month from October 2025, with the NBE auction weighted-average rate at ETB 159.63 per US dollar on 19 May 2026; the parallel market premium fluctuated between 10% and 20% from October 2025 and declined to around 11% in late May 2026.[18]

[16] National Bank of Ethiopia, Governor's statement, Monetary Policy Committee Meeting No. 7 (July 2026).

[17] IMF Country Report No. 26/174 (July 2026), Table 1.

[18] IMF Country Report No. 26/174 (July 2026), paragraph 10 and the table of FY2025/26 foreign-exchange auction results.

Figure 3: Ethiopia Official vs. Parallel Market Exchange Rate Premium, June 2019 to May 2026



Source: National Bank of Ethiopia, Quarterly Bulletin, Third Quarter 2024/25, Statistical Annex 3.6 (end-of-year official rates, June 2019 to June 2024) and Birritu No. 142 (official rate and parallel market spread at end-June 2025); IMF Country Reports No. 20/29, 24/318, 25/27, 26/20 and 26/174 and Selected Issues Paper SIP/2025/105 (official rates on 26 July and 20 September 2024, NBE foreign-exchange auction weighted-average rates from August 2025 to May 2026, and the parallel market premium). The 2018/19 premium is the average for the year; the other premiums are as reported for the month shown.

2.4.6 Developments in the Economy

The Ethiopian economy has undergone significant development, marked by a dual narrative of impressive growth amidst persistent challenges and a comprehensive reform agenda. The central driver of recent economic development is the government's comprehensive Homegrown Economic Reform Agenda (HGER 2.0) (FDRE, 2024). This ambitious program serves as an overarching framework for Ethiopia's transition from a state-dominated to a private sector-driven economy. It is supported by a US$3.4 billion Extended Credit Facility (ECF) arrangement with the IMF and substantial budget support from the World Bank, providing both a policy anchor and critical financing. The agenda's core pillars are restoring macroeconomic stability and creating a vibrant and competitive private sector.

One of the key developments was the progressive liberalization of sectors that were previously closed to foreign investments. This strategic opening was designed to inject capital, technology, and competition into key areas of the economy. The most significant of these is the banking sector: the Banking Business Proclamation No. 1360/2025, approved by Parliament on 17 December 2024 and published in the Federal

Negarit Gazette on 12 March 2025, formally permits foreign banks to operate in Ethiopia. This move, which follows the successful entry of Safaricom into the telecommunications sector and similar openings in logistics, retail, and wholesale trade, transforms the capital market from a strategic option to a strategic necessity.

Along with sectoral liberalization, the government is actively working to improve the broader business climate. These efforts include simplifying business start-up challenges (MINT, 2025), licensing procedures, and establishing a formal Public-Private Dialogue platform (MoF, 2025). These changes aim to systematically identify and resolve operational obstacles that have historically hindered private investment, fostering a more collaborative relationship between the state and business community.

Simultaneously, significant reforms are underway to address the fiscal risks posed by large state-owned enterprises (SOEs). The establishment of the (EIH) as a sovereign wealth fund is intended to introduce modern management practices and professional corporate governance into the SOE portfolio (EIH, 2024). Concrete actions, such as the full recapitalization of the state-owned Commercial Bank of Ethiopia (CBE) and the implementation of a multiyear plan to align electricity and fuel prices with their cost of provision, are major steps toward reducing quasi-fiscal burdens on the state budget and improving the operational efficiency of these critical enterprises.

2.4.7 Future Outlook of the Economy

The future outlook for the Ethiopian economy is positive, characterized by a projected continuation of robust growth, supported by the sustained implementation of the reform agenda, and an improving macroeconomic environment. Real GDP growth is projected at 10.2% for FY2025/26 by the National Bank of Ethiopia[19] and at 9.2% by the IMF, and the IMF's medium-term outlook projects growth of 7.8% in FY2026/27 and of between 7.7% and 8.2% a year through FY2030/31.[20]

This sustained expansion is expected to be driven by a diverse set of growth factors. Key factors among these are large-scale investments in the mining sector, such as the launch of the Tulu Kapi gold and copper mine, continued expansion of electricity generation from major hydropower projects, productivity gains in agriculture, and the on-going growth of the services sector, led by the expansion of Ethiopian Airlines' fleet and network.

The macroeconomic environment is expected to become increasingly stable. Average inflation is projected at 12.3% in FY2026/27 and to fall into single digits from FY2027/28 (9.2%), reaching 6.7% by FY2030/31, contingent on the NBE's continued commitment to its prudent policy stance; the NBE raised its policy rate from 15% to 16% in July 2026. The external position is also projected to strengthen, with a current account deficit of 1.3% of GDP in FY2026/27 and 1.5% in FY2027/28. In parallel, foreign exchange reserves are projected to accumulate steadily, from 2.7 months of import cover at the end of FY2026/27 to 3.5 months by the end of FY2027/28.[21] This marked improvement in the reserve position enhances the economy's resilience to external shocks and bolsters investor confidence.

2.4.8 Banking Sector Performance and Prospects

Following the government's comprehensive policy reforms, the business landscape of the banking industry is undergoing a massive transformation. Previously characterized by strain and slow growth, the sector is now evolving into a dynamic and increasingly competitive environment. As a result, banks are experiencing

[19] National Bank of Ethiopia, Governor's statement, Monetary Policy Committee Meeting No. 7 (July 2026).

[20] IMF Country Report No. 26/174 (July 2026), Table 1.

[21] IMF Country Report No. 26/174 (July 2026), Table 1.

divergent outcomes: some are struggling with the adverse effects of the reforms, while others are seizing new opportunities for growth.

As at 30 June 2026, the total assets of the Ethiopian banking sector reached over ETB 6.17 trillion (see Total Assets below). The Commercial Bank of Ethiopia (CBE), the state-owned commercial bank, accounted for 50.1 percent of the sector's assets, 48.3 percent of its loans and 45.4 percent of its capital (CBE FY2025/26 performance report, as reported by The Reporter, 4 July 2026). At end-December 2025, 31 banks operated in Ethiopia, including four full-fledged interest-free banks and the country's development finance institution, the Development Bank of Ethiopia.

a) ***Accessibility Creation***

The Ethiopian banking sector has continued to expand its financial service delivery infrastructure, although recent data indicates a slight contraction in physical branch networks. As of December 2025, a total of 31 licensed commercial banks were operating in Ethiopia, comprising 29 private banks and 2 state-owned banks. The total number of bank branches declined marginally from 12,620 in June 2025 to 12,588 in December 2025, reflecting an industry-wide transition toward digital financial service delivery and cost optimization strategies. As a result, the population-to-bank-branch ratio increased to 10,764 persons per branch, compared to 9,514 persons per branch in the previous year.

Private commercial banks account for approximately 85% of total branches, while state-owned banks represent 15%. Around 14% of total branches are concentrated in Addis Ababa, reflecting the capital's dominance in financial activity and service demand.

Within this evolving structure, Cooperative Bank of Oromia (Coopbank) is among the leading private commercial banks in Ethiopia in terms of distribution reach and financial inclusion footprint. The Bank operates a strong nationwide network comprising:

- ✓ 698 branches
- ✓ 765 ATMs and CRMs
- ✓ 1,402 POS terminals
- ✓ 42,817 active agents
- ✓ More than 15 million customers
- ✓ 1.13 million cards issued

This extensive infrastructure positions Coopbank as one of the most accessible private banks in Ethiopia, with a strong comparative advantage in both urban and rural financial service delivery.

The Bank's accessibility strategy is built on a hybrid distribution model, combining physical infrastructure with rapidly expanding digital and agency banking channels. This model enables the Bank to effectively serve retail customers, cooperatives, MSMEs, agricultural value chains, and institutional clients across diverse geographic locations.

Compared to the industry trend of branch optimization and slight physical contraction, Coopbank has maintained a balanced expansion strategy, where physical presence is complemented and increasingly enhanced by digital and agent-based channels. The Bank's large agent network and POS infrastructure significantly extend its reach beyond traditional branch limitations, particularly in underserved rural and peri-urban areas.

As the industry continues to shift toward digital-first banking, Coopbank's strong multi-channel infrastructure provides a strategic advantage in financial inclusion, deposit mobilization, and customer acquisition. The

combination of a wide physical footprint and deep digital penetration positions the Bank strongly to capture growth from Ethiopia's large unbanked and underbanked population.

b) ***Customer Base***

During the last couples of years, customer base expansion has been a common battle and leading as major contributor in the remarkable and continuous growth registered by Ethiopian banks. As Ethiopia is a nation with large number of people outside of the banking system, there is still good opportunity regarding customer base expansion. _bookmark1According to the World Bank's Global Findex Database 2025 (survey data for 2024), 49 percent of Ethiopian adults (age 15 and over) had an account at a financial institution or with a mobile money provider, compared with 90 percent in neighbouring Kenya; 51 percent of Ethiopian adults therefore remained without an account. With its largest footprints in rural areas, innovative eco branches and digital banking, where majority of unbanked and under banked populations are residing, the Bank aims to expand its customer base in the year ahead.

Furthermore, the government initiative of national ID will help to realize the national financial inclusion objective, and hence enhance the Banking sector in new customer recruitment. _bookmark2The National ID Program has set a target of 90 million Fayda digital ID enrolments by 2027 (Biometric Update, 4 June 2025), and 47.8 million digital IDs had been issued by 27 July 2026 (Biometric Update, 27 July 2026).

The Bank aims to strengthen new customer onboarding by aligning its customer recruitment with the national ID programme and other national financial inclusion initiatives.

Over the past five years, the number of deposit accounts held with private commercial banks has increased from 45.77 million to 126.76 million as at June 2026, including growth of 12.05% in FY 2025/26, while medium-sized banks grew their deposit accounts by 22.59% to 65.63 million, representing 51.78% of private bank deposit accounts. However, Coopbank's deposit account share has declined significantly from its initial levels of 22% among private banks and 34% among peer banks to 12.55% and 24.24%, respectively, as at June 2026. During FY 2025/26, Coopbank's deposit accounts grew by 7.95% to 15.91 million, below the growth recorded by private commercial banks and medium-sized banks.

Table 38: Deposit Base

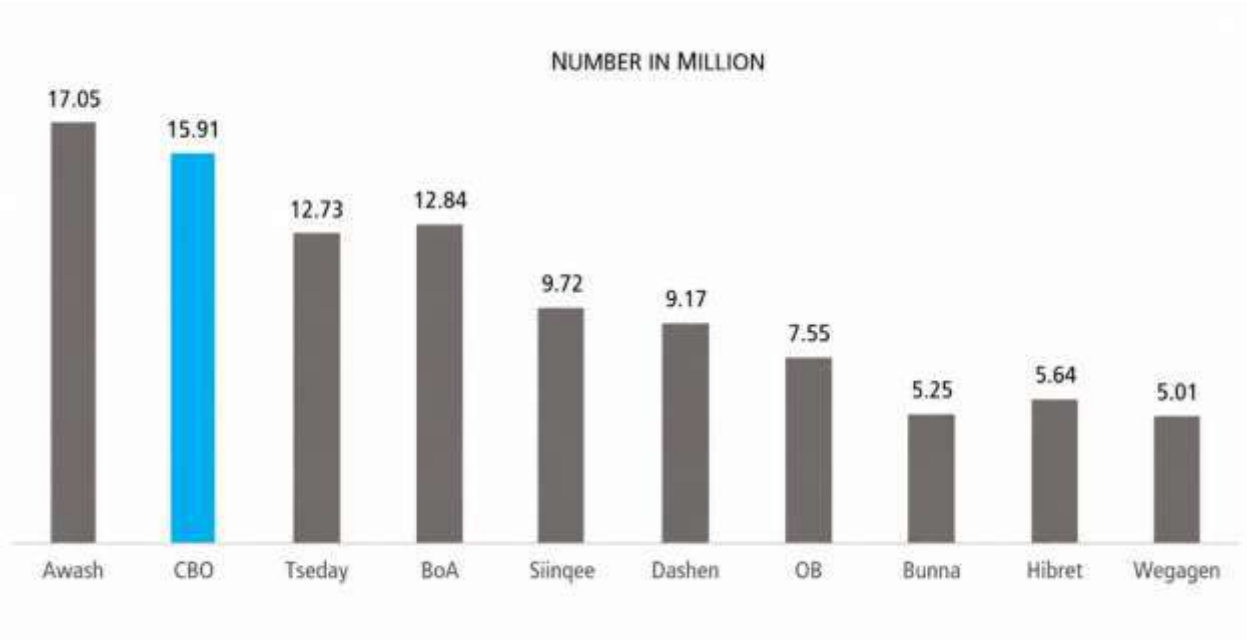
Deposit Account Opening Performance						
Bank	**2021/23**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**%age Growth**
Private bank	45,765,497	78,216,745	102,363,562	113,119,157	126,756,000	**12.05%**
Medium sized Banks	30,073,220	39,760,903	50,021,595	53,533,206	65,629,000	**22.59%**
Coopbank	8,994,386	11,203,797	13,695,746	14,738,128	15,910,000	**7.95%**
Peer Banks Market Share (%)						
From Private Banks	64.70%	65.70%	65.20%	47.32%	51.78%	9.43%
Coopbank Market share (%)						
From Private Banks	22.00%	19.70%	18.30%	13.03%	12.55%	-3.68%
From MS Banks	34.00%	29.90%	28.10%	27.53%	24.24%	-11.95%

Over the last five years, the number of deposit accounts has grown with the expansion of the Bank's customer base, and deposit accounts remain one of the Bank's key focus areas in support of the national financial inclusion strategy. As banks and non-bank players such as telebirr and other fintechs expand digital services, the Bank is placing greater emphasis on onboarding customers through its digital and omni-channels. The

Bank's customer portfolio analysis shows that a large number of deposit accounts were opened in previous periods, which has made account productivity a key consideration; the Bank therefore plans its basic and digital account-opening activities with regard to account productivity.

The private banks in the industry combined recruited more than 17 million new customers during the first half of FY 2025/26 (July to December 2025). Awash Bank recruited a little more than 3.90 million new customers followed by Siinqee Bank (2.68 million) and Coopbank (2.19 million). In terms of the total customer base as at June 2026, Coopbank ranked second with 15.91 million customers, following Awash Bank (17.05 million).

Figure 4: Customer base Position, as of June 2026



c) *Deposit Mobilization*

Deposit mobilization remains the core function of banks, enabling them to allocate resources efficiently and generate profits. Despite of internal and external challenges alongside stringent monetary policies aimed at curbing inflation, the Ethiopian banking industry managed to show a notable growth in their deposit mobilization endeavours. The Total deposits of Ethiopian banking sector at end-FY 2025/26 reached around Birr 4.78 trillion, depicting a 36.49 percent annual growth. Private Banks held 50.01 percent of this total, amounting to ETB 2.39 trillion, while the Commercial Bank of Ethiopia (CBE) accounted for ETB 2.39 trillion, constituting 49.99% of the industry's total deposits.

Table 39: Deposit trends and growth rate (in Billions of ETB)

Particulars	2021/22	2022/23	2023/24	2024/25	2025/26	Average Growth
Industry	1,705.00	2,153.07	2,458.33	3,502.69	4,780.77	29.40%
Public Bank (CBE)	890.1	1,053.90	1,174.20	1,689.53	2,390.00	28.01%
Private Banks	814.9	1,099.17	1,284.13	1,813.16	2,390.77	30.88%
Tier II Banks	511.4	635.93	754.98	1,044.79	1,466.23	30.12%
Coopbank	92.84	114.08	115.65	173.99	191.44	19.83%
Private Bank's Market Share (%)						
From Industry	47.79%	51.05%	52.24%	51.76%	50.01%	1.14%
Tier II Banks Market Share (%)						
From Industry	29.99%	29.54%	30.71%	29.83%	30.67%	0.56%

Particulars	2021/22	2022/23	2023/24	2024/25	2025/26	Average Growth
From Private Banks	62.76%	57.86%	58.79%	57.62%	61.33%	-0.57%
Coopbank Market share (%)						
From Industry	5.45%	5.30%	4.70%	4.97%	4.00%	-7.40%
From Private Banks	11.39%	10.38%	9.01%	9.60%	8.01%	-8.44%
From Medium sized Banks	18.15%	17.94%	15.32%	16.65%	13.06%	-7.91%

Note: Industry and peer-bank figures in this section are compiled from industry sources and are unaudited. The Coopbank deposit figures for 2022/23 to 2025/26 in Table 39 and Figure 5 are the customer deposits reported in the Bank's audited financial statements; as at 30 June 2026 these report total deposits of ETB 191.44 billion and total net financing (conventional loans and advances plus Interest-Free Banking financing) of ETB 141.62 billion.

Over the period from FY 2021/22 to FY 2025/26, total industry deposits grew at an average annual rate of 29.40%, with private commercial banks growing at 30.88% and CBE at 28.01%. At the end of FY 2025/26, private commercial banks held deposits of ETB 2.39 trillion, a 31.86% increase from the previous year, and their share of industry deposits stood at 50.01% (end of FY 2024/25: 51.76%), broadly at par with CBE.

Medium-sized banks increased their deposit position by 40.34% to ETB 1.47 trillion in FY 2025/26, representing 30.67% of the industry total and 61.33% of private bank deposits, while Coopbank's deposits grew by 10.02% to ETB 191.44 billion. However, Coopbank's share of the deposit position from the industry, private commercial banks, and Medium-sized banks, which stood at 4.97%, 9.60%, and 16.65% respectively last year, declined to 4.00%, 8.01%, and 13.06%, respectively, at the end of FY 2025/26. The Bank's focus for the coming financial year is to enhance deposit mobilization and maintain its share within the industry and among peer banks.

Figure 5: Top 7 banks in deposit increment and their position, as of June 2026 (in billions)



During FY 2025/26, all of the peer banks presented in Figure 5 recorded an increase in deposits. The industry as a whole, including CBE, mobilized ETB 1,278.08 billion during the year, of which ETB 700.47 billion was mobilized by CBE and ETB 577.61 billion by the private commercial banks combined. The total industry deposit position has now reached ETB 4.78 trillion. The five medium sized banks combined control ETB 1.47 trillion, with incremental deposits of ETB 421.44 billion during the year.

Among the banks presented in Figure 5, Awash Bank recorded the largest incremental deposit (ETB 136.13 billion), followed by Siinqee Bank (ETB 76.67 billion). Coopbank recorded an incremental deposit of ETB

17.44 billion during FY 2025/26, bringing its total deposits to ETB 191.44 billion, the fourth-largest deposit position among these banks.

d) ***IFB Deposit Mobilization***

On the other hand, the interest-free banking (IFB) segment witnessed substantial growth by the end of FY 2025/26, reaching a total deposit position of more than 563 billion, with an incremental deposit of more than 182.40 billion. The leading player, CBE, successfully mobilized 99.31 billion in incremental deposits, bringing its IFB deposit to 292 billion during the period.

Figure 6: Top 6 banks in IFB deposit increment and their position, as of June 2026



Private banks collectively attracted an additional amount of more than ETB 83.09 billion during FY 2025/26, comprising 45.56% of the total increment, resulting in a total IFB deposit position of more than ETB 264 billion at the end of June 2026.

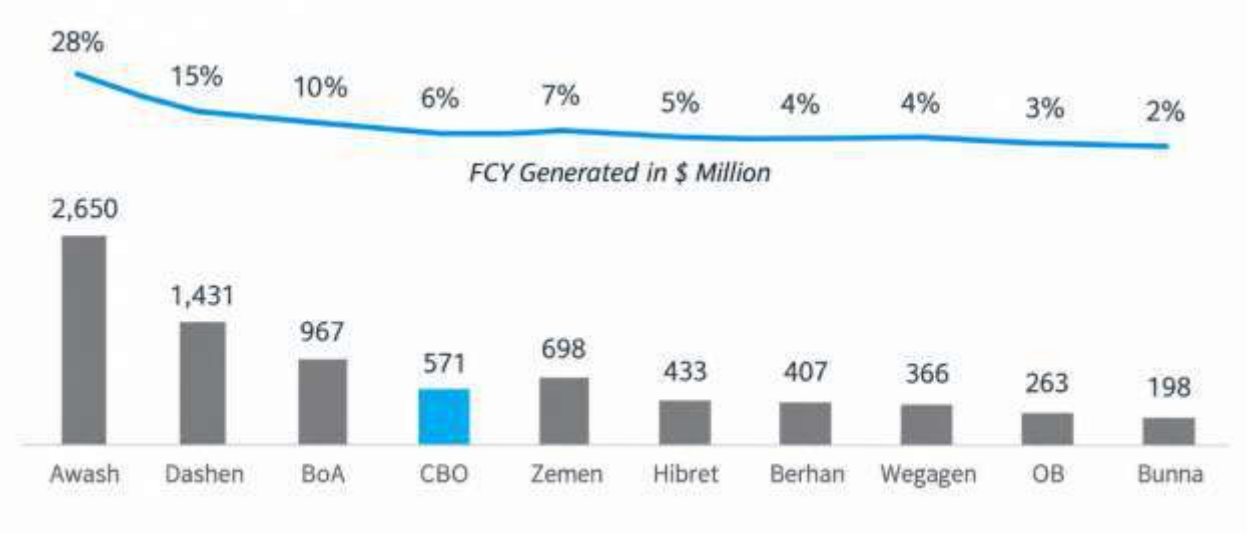
Table 40: IFB deposit Trend

Particular	2021/22	2022/23	2023/24	2024/25	2025/26	Average growth (%)
Industry	131.20	177.65	199.17	369.45	563.00	46.35%
Public Bank (CBE)	61.60	90.43	116.56	193.28	292.00	48.15%
Private Banks	69.60	87.22	82.61	176.17	264.00	45.79%
Coopbank	16.00	19.42	18.68	27.25	30.83	19.15%
Private Bank's Market Share (%)						
From Industry	53.05%	49.10%	41.48%	47.68%	46.89%	-2.42%
Coopbank Market Share (%)						
Industry	12.20%	10.93%	9.38%	7.37%	5.48%	-17.92%
Private Banks	22.99%	22.27%	22.61%	15.47%	11.68%	-14.42%

e) ***Foreign Currency Generation***

In FY 2025/26, private commercial banks amassed more than USD 9 billion from export, transfer, and cash purchases. With regard to Coopbank, in the fiscal year 2024/25 the Bank generated USD 415 million, marking an increase of USD 156.65 million from the previous year's USD 258.35 million. Furthermore, during FY 2025/26, the Bank earned USD 571 million, reflecting strong performance compared to the previous year. Coopbank's share of the total generated by private banks was 5.99%.

Figure 7: Foreign currency generation of top ten private banks and their shares from private banks, as of June 2026



f) ***Profitability***

Despite the challenges within the business landscape, the banking sector has consistently demonstrated its profitability through a series of achievements. Throughout the fiscal year 2024/25, private banks recorded a provisional gross profit of ETB 88.97 billion, marking a remarkable 70% annual growth or an increase of ETB 36.59 billion from the previous fiscal year. Coopbank recorded audited profit before tax of ETB 1.98 billion in FY2024/25 and ETB 8.11 billion in FY2025/26. The sustained performance trends within the medium-sized banks demonstrate strong improvement and growing momentum during the last six months of FY 2025/26. The total provisional gross profit registered by medium sized banks amounted to ETB 51.84 billion, reflecting an increase of 55% or ETB 18.29 billion compared to the same period last year. The Bank's approach to sustaining profitability in the coming year focuses on diversifying revenue sources, improving asset quality, managing expenses and optimizing resource utilization.

g) ***Total Assets***

The total assets position of the Ethiopian banking industry reached over ETB 6.17 trillion (including CBE) as of June 2026. The medium sized banks control ETB 1.90 trillion, about 30.60% of the total industry assets position. Among the private banks, Awash Bank maintains its leadership in total assets standing at ETB 729.04 billion followed by Bank of Abyssinia and Dashen Bank with ETB 377.71 billion and ETB 349.75 billion, respectively. Coopbank finds itself in the fourth place among the private banks with total assets of ETB 224.09 billion, an increase of 13.5% from ETB 197.38 billion as at 30 June 2025.

Siinqee bank and Hibret bank take the next ranks with assets position of ETB 216.29 billion and ETB 151.86 billion, respectively. It is to be noted that loans and advances remain the primary component of total assets across all banks, reflecting their focus on credit expansion.

Figure 8: Total Assets of Top Private banks, as of June 2026



*h) **Total Capital***

Similar to the key financial indicators presented above, the capital base of the banking industry is also expanding. As of June 2026, the total capital base of the banking industry reached approximately ETB 601.80 billion. Specifically, Awash Bank's total capital reached ETB 90.94 billion, followed by Dashen Bank in second place, with ETB 42.76 billion.

Bank of Abyssinia reached ETB 34.93 billion, while Zemen Bank recorded a significant increase in its total capital, reaching ETB 26.03 billion. Coopbank's total capital stood at ETB 23.62 billion.

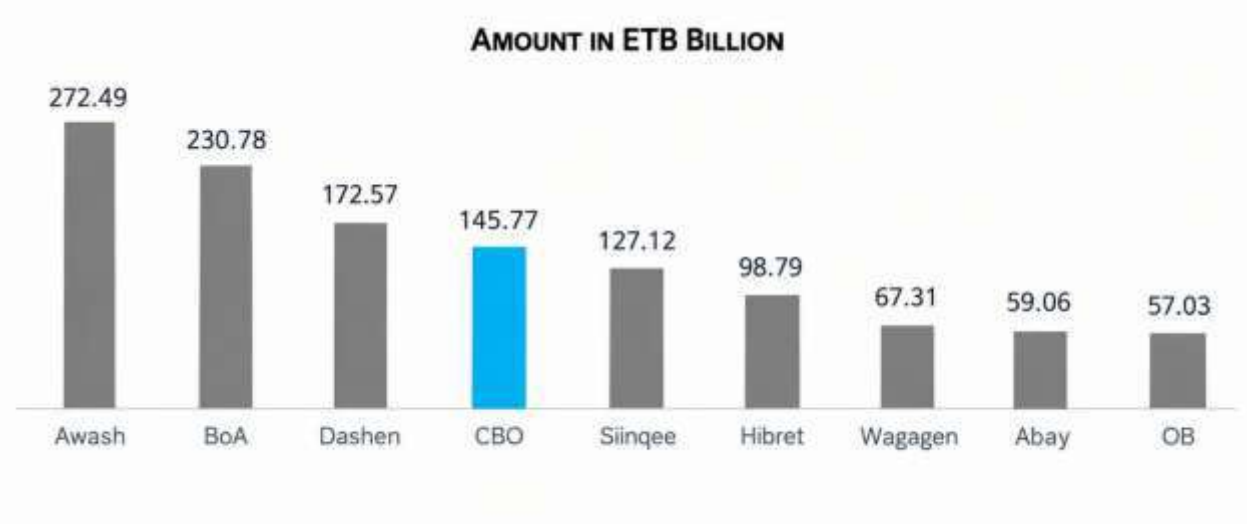
Figure 9: Capital level of the top private banks, as of June 2026



*i) **Loan and Advances***

Banks in the industry recorded increase in total loans and advances. As of June 2026, the total loan book of the banking industry was over ETB 3.38 trillion. The medium sized banks combined have loan book in excess of ETB 987.64 billion (29% of the industry). The total loans and advances of the big four private banks combined has now surpassed ETB 821 billion. As of June 2026, Awash Bank leads with total loans and advances amounting ETB 272.49 billion, followed by Bank of Abyssinia (ETB 230.78 billion), Dashen Bank (ETB 172.57 billion), and Coopbank (ETB 145.77 billion). The total loans and advances position of the top ten private banks is provided.

Figure 10: Outstanding Loan position, as of June 2026



j) Digital Banking outlook

Digital banking has revolutionized the global financial industry by leveraging widespread internet connectivity and mobile technology to shift services away from physical branches toward 24/7, app-based platforms. It encompasses online banking, digital wallets, and AI-driven services, which improve operational efficiency, reduce costs, and enhance customer convenience. This transformation enables greater financial inclusion, particularly in developing economies, by providing access to banking services, electronic payments, and micro-loans to previously underserved populations.

In Ethiopia, digital banking adoption evolved gradually, beginning with the introduction of ATMs by the Commercial Bank of Ethiopia in 2001, followed by Dashen Bank's successful deployment in 2006 and subsequent expansion by private banks.

Regulatory frameworks such as the National Payment System Proclamation and the establishment of the National Switch provided legal recognition and interoperability for electronic payments. More recently, national strategies including Digital Ethiopia 2025 and the National Financial Inclusion Strategy have accelerated transformation, promoting mobile banking, e-commerce, and cybersecurity initiatives. The Digital Ethiopia 2025 strategy laid the groundwork for a more open, competitive and technology-driven financial landscape; on 20 December 2025 the Government declared it completed and launched its successor, Digital Ethiopia 2030 (Ethiopian News Agency, 20 December 2025). During FY 2025/26, Ethiopia's digital banking sector continued its shift from a "cash-first" to a "mobile-first" economy[22].

k) Digital Lending

Supported by a conducive regulatory environment and the Government's strong push for inclusive access to finance, Ethiopia's digital lending landscape continued to grow strongly in FY 2025/26, signaling a transformative shift in financial inclusion and the adoption of digital finance solutions.

[22] Abebe Tilahun, Determinants of Digital Banking Utilization in Addis Ababa, 6 January 2026.

Figure 11: Major Players of Ethiopian Digital Banking Ecosystem, FY2025/26

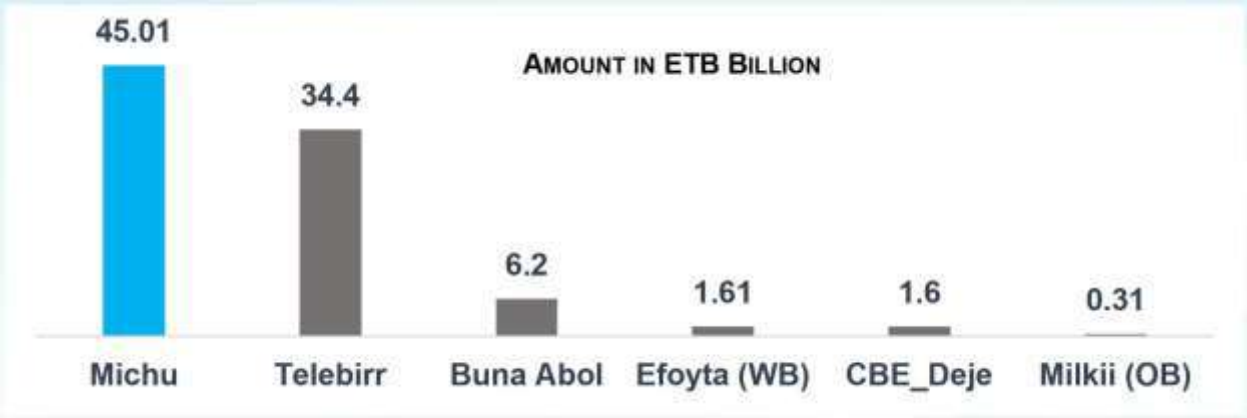


Source: Ethio telecom FY2025/26 results, as reported by The Reporter, 1 August 2026; CBE FY2025/26 report, as reported by The Reporter, 4 July 2026, and Capital, 7 June 2026; Safaricom FY2026 results, as reported by Ecofin Agency, 8 May 2026, and tech-ish, 7 May 2026; Connecting Africa, 17 July 2025; Coopbank (Table 30).

As of December 2025, total digital loan disbursements reached ETB 84.5 billion, driven by major market players operating bank-led and telco–bank partnership models. Key contributors include Coopbank's Michu, Telebirr (in collaboration with CBE, Dashen Bank, Awash Bank, and Siinqee Bank), Bunna Bank's Abol, Wegagen Bank's Efoyta, CBE's Beje, and Oromia Bank's Miliki. By 30 June 2026, Coopbank's Michu platform had disbursed approximately ETB 59.45 billion cumulatively. During FY 2025/26, telebirr facilitated ETB 19.51 billion of collateral-free digital loans to 5.65 million customers (Ethio telecom FY2025/26 results, as reported by The Reporter, 1 August 2026), and Wegagen Bank's Efoyta platform disbursed over ETB 9 billion to 430,890 beneficiaries (Capital, 19 September 2026).

At December 2025, the largest market players accounted for almost 48% of digital lending, and the Bank aims to maintain its competitive position and share. M-Pesa, which is well established in digital lending in Kenya, entered digital lending in Ethiopia in July 2025 with Errif be M-Pesa, a digital overdraft service launched with Awash Bank (Connecting Africa, 17 July 2025).

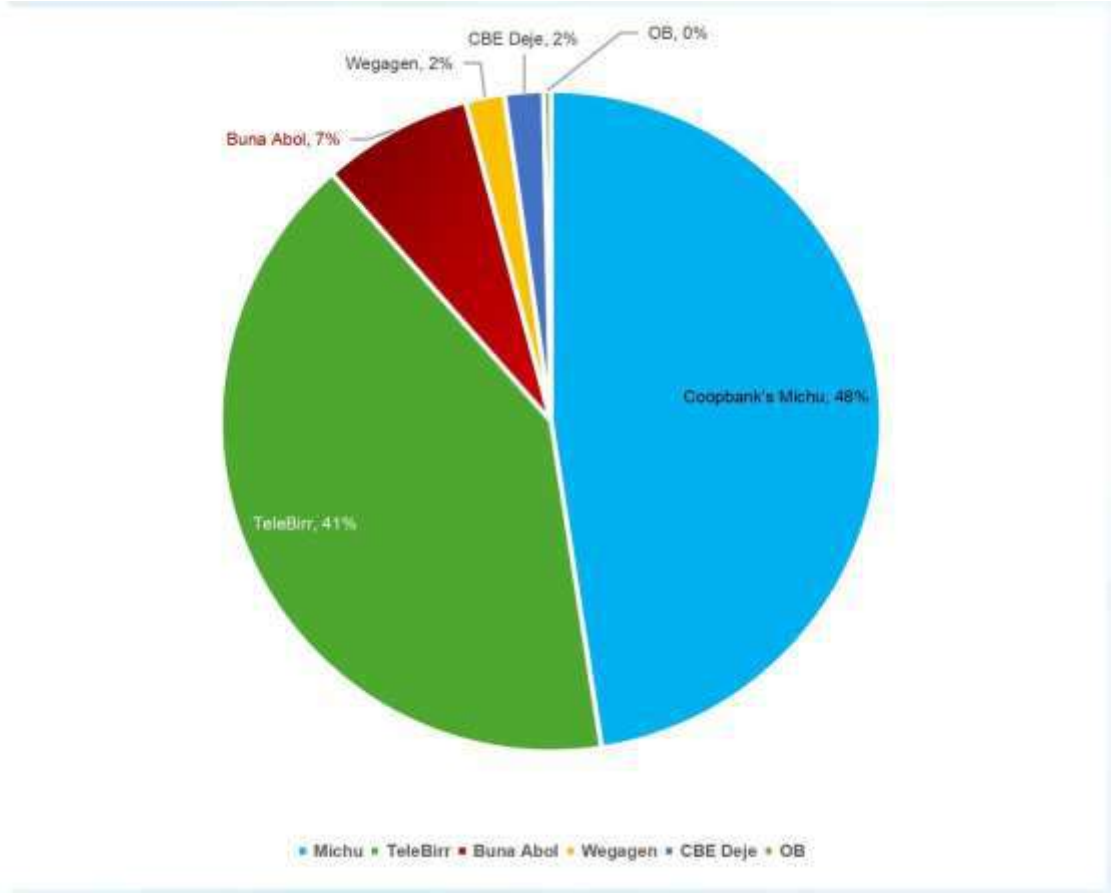
Figure 12: Total digital loan disbursed from base by major players Dec 2025



With special focus and policy direction from regulatory bodies, including the BRIDGE Ethiopia and NAFIR 2032 strategies, and with strong government backing in collaboration with development partners, digital lending and agritech are expected to gain strong momentum over the coming five years. This growth will be further supported by the increasing use of geospatial data and AI-driven insights, enabling more accurate credit assessment, risk management, and tailored financial solutions, particularly for the agricultural sector.

Followings are major national digital enablers mainly lead by the regulatory organ, National Bank of Ethiopia (NBE) and key stakeholders that are expected to reshape Ethiopia's digital ecosystem during FY 2026/27 and beyond.

Figure 13: Share of major players from total disbursement Dec 2025



l) Strategic Competitive Position of the Issuer

Cooperative Bank of Oromia (Coopbank) has established a strong competitive position within Ethiopia's private banking sector, supported by its scale of operations, broad distribution network, customer reach, focus on financial inclusion, digital banking capabilities, and strategic orientation toward underserved and growth-oriented market segments. The Bank's competitive positioning is further supported by its cooperative heritage and its focus on serving retail customers, cooperatives, MSMEs, agricultural value chains, and institutional customers.

The Bank's competitive position is underpinned by the following key strengths and differentiating factors:

Broad Distribution and Financial Inclusion Footprint. Coopbank maintains one of the more extensive service delivery networks among private commercial banks in Ethiopia, comprising branches, ATMs, POS terminals, agents, and digital channels. As at 30 June 2026, the Bank operated 698 branches, 765 ATMs and CRMs, 1,402 POS terminals and 42,817 active agents, providing a broad platform for customer acquisition, deposit mobilization, payments, and financial service delivery. The scale of this network enables the Bank to serve customers across urban, peri-urban, and rural markets and provides a competitive platform for expanding financial inclusion.

Strong Customer Reach and Market Access. The Bank has developed a substantial customer base, exceeding 15 million customers, providing a significant platform for cross-selling, deposit mobilization, digital service adoption, and expansion of other banking products. The Bank's established presence in rural and underserved markets, together with its cooperative-oriented market approach, provides access to customer segments that remain relatively underpenetrated within the formal financial system.

Digital and Multi-Channel Banking Capability. Coopbank has positioned digital banking as an important component of its growth strategy, complementing its physical distribution network with digital and technology-enabled channels. Its digital ecosystem includes CoopApp, Coopay-Ebirr, ATM and card services, merchant payments, agency banking, and digital lending platforms. The Bank's digital lending offerings, including Michu and Mizan, provide additional channels for reaching customers who may have limited access to conventional branch-based credit. This combination of physical and digital channels provides the Bank with flexibility to expand its customer base while improving service accessibility and operational scalability.

Competitive Position in Digital Lending. The growth of digital lending in Ethiopia presents an important opportunity for banks with established digital capabilities and customer databases. Coopbank's Michu digital lending platform provides the Bank with an established position in this emerging segment. The Bank's experience in digital lending, together with its broad customer and distribution network, provides a platform for expanding technology-enabled credit services, particularly to retail customers, MSMEs, and other underserved segments.

Focus on Agricultural, Cooperative and MSME Financing. Coopbank's business model is closely aligned with segments that are strategically important to Ethiopia's economic development, including agriculture, cooperatives, MSMEs, and agricultural value chains. This positioning is consistent with the Bank's purpose of **"Empowering Community, Transforming Lives"** and provides opportunities to participate in the expansion of financial intermediation among productive sectors of the economy. The Bank's established relationships with cooperatives and its presence in rural markets further support its ability to develop financing solutions tailored to these segments.

Foreign Currency Generation Capacity. Foreign currency generation has become an increasingly important competitive factor within Ethiopia's banking sector. Coopbank generated approximately USD 415 million in foreign currency during FY2024/25 and approximately USD 571 million during FY2025/26. The Bank's

customer base, geographic reach, and relationships with businesses, exporters, cooperatives, and other economic participants provide a platform for further strengthening foreign currency-generating activities.

Scale and Financial Position. Coopbank is among the leading private commercial banks in Ethiopia by total assets, with total assets of approximately ETB 224.09 billion as of 30 June 2026, placing it among the largest private banks in the country. The Bank's loan portfolio stood at approximately ETB 141.62 billion (net financing, as reported on the statement of financial position) at the same date. Its scale provides a foundation for continued balance-sheet expansion, product diversification, and investment in technology and service infrastructure.

2.5 Regulatory Environment

Cooperative Bank of Oromia S.C. ("the Bank") operates within a comprehensive and continuously evolving regulatory environment governed by various laws, proclamations, directives, regulations, and supervisory frameworks issued by competent authorities, including the National Bank of Ethiopia (NBE), Ethiopian Capital Market Authority (ECMA), Ethiopian Securities Exchange (ESX), Financial Intelligence Service (FIS), Ethiopian Deposit Insurance Fund (EDIF), and other relevant government institutions. The regulatory framework applicable to the Bank covers prudential supervision, corporate governance, risk management, financial reporting, anti-money laundering and counter-terrorist financing (AML/CFT), digital financial services, consumer protection, taxation, employment, and capital market participation.

The purpose of this section is to provide investors with an understanding of the key legal and regulatory requirements applicable to the Bank, the regulatory objectives of each instrument, their specific implications for the Bank's operations and strategic direction, applicable compliance obligations, and potential consequences arising from non-compliance. The Bank continuously monitors regulatory developments and maintains compliance, risk management, legal, internal audit, and governance functions to ensure adherence to applicable requirements.

2.5.1 Banking Business Proclamation No. 1360/2025

The Banking Business Proclamation No. 1360/2025 establishes the legal and regulatory framework governing the licensing, operation, supervision, and governance of commercial banks in Ethiopia. The primary objective of the proclamation is to promote the stability, soundness, and integrity of the banking sector by establishing requirements relating to banking licenses, ownership structures, permissible banking activities, corporate governance, risk management, and supervisory powers of the National Bank of Ethiopia.

The proclamation has a direct impact on the Bank's overall business model, strategic expansion, capital planning, governance structure, and operational activities. As a licensed commercial bank, Cooperative Bank of Oromia is required to comply with licensing conditions, maintain adequate capital, establish appropriate governance and internal control frameworks, submit regulatory reports, and operate within the permitted scope of banking activities. Failure to comply with the requirements of the proclamation may result in regulatory sanctions, restrictions on banking activities, additional supervisory measures, suspension of certain operations, or, in severe circumstances, withdrawal of the banking license.

2.5.2 Directive SBB/95/2025 – Capital Adequacy Requirement Directive

Directive SBB/95/2025 on Capital Adequacy Requirement establishes minimum capital requirements that commercial banks must maintain to ensure adequate financial strength and capacity to absorb unexpected losses. The regulatory objective of the directive is to enhance the resilience of financial institutions by ensuring that banks maintain sufficient capital buffers relative to their risk exposure.

The directive has a significant impact on the Bank's capital management framework, balance sheet growth strategy, dividend distribution policy, and ability to expand lending activities. The Bank is required to maintain regulatory capital above prescribed minimum levels, calculate risk-weighted assets appropriately, monitor capital adequacy ratios, and submit periodic capital-related reports to NBE. Failure to comply may result in restrictions on business expansion, limitations on dividend payments, requirements for additional capital injection, and enhanced regulatory supervision. The minimum total capital adequacy ratio applicable as at 30 June 2026 was 8% (Note 4.4 of the audited financial statements); under Directive SBB/95/2025 the minimum rises to 11% from 31 December 2026 (Sections 7.8 and 9).

2.5.3 Directive SBB/90/2024 – Asset Classification and Provisioning Directive

Directive SBB/90/2024 on Asset Classification and Provisioning establishes requirements for the classification of loans and advances, recognition of impairment, and maintenance of adequate provisions against credit losses. The objective of the directive is to strengthen credit risk management practices and ensure that banks maintain realistic asset quality reporting and sufficient loss-absorption capacity.

The directive directly affects the Bank's lending operations, credit risk management practices, profitability, and financial reporting. The Bank is required to regularly review its loan portfolio, classify loans according to regulatory categories, recognize impairment losses, maintain appropriate provisions, and report asset quality indicators to NBE. Failure to comply may result in additional provisioning requirements, reduced profitability, regulatory sanctions, and restrictions on credit expansion.

2.5.4 Anti-Money Laundering and Counter-Terrorist Financing Proclamation No. 780/2013 (as amended)

The Anti-Money Laundering and Counter-Terrorist Financing Proclamation No. 780/2013, including subsequent amendments, establishes Ethiopia's legal framework for preventing money laundering, terrorism financing, and other illicit financial activities through financial institutions. The objective of the proclamation is to safeguard the integrity of the financial system by requiring institutions to implement effective customer identification, transaction monitoring, reporting, and risk management mechanisms.

Given the Bank's extensive branch network, agent banking operations, and increasing digital transaction volumes, AML/CFT compliance represents a critical regulatory obligation. The Bank is required to implement customer due diligence procedures, conduct ongoing monitoring of transactions, maintain customer records, report suspicious transactions to relevant authorities, and establish appropriate AML/CFT governance structures. Non-compliance may result in monetary penalties, restrictions on operations, reputational damage, loss of correspondent banking relationships, and potential legal consequences for responsible officers.

2.5.5 Digital Financial Services and Payment System Regulatory Framework ONPS/02/2020 – Licensing and Authorization of Payment Instrument Issuers and Payment System Operators Directive

ONPS/02/2020 establishes the regulatory framework for licensing, authorization, and supervision of payment instrument issuers and payment system operators in Ethiopia. The objective of the directive is to ensure the safety, efficiency, reliability, and integrity of payment systems while promoting innovation and financial inclusion through regulated digital payment services.

The directive directly affects the Bank's digital banking operations, including mobile banking, internet banking, agent banking, card services, and other electronic payment channels. The Bank is required to obtain and maintain appropriate approvals for payment-related activities, comply with operational standards, maintain

transaction security controls, implement risk management frameworks, and ensure business continuity arrangements. Failure to comply with the directive may result in regulatory warnings, suspension of payment services, restrictions on digital operations, financial penalties, or withdrawal of authorization for specific payment activities.

2.5.6 ONPS/09/2023 – Agent Banking Services Directive

ONPS/09/2023 provides regulatory requirements for agent banking operations conducted by banks and other authorized financial institutions. The objective of the directive is to expand access to financial services through agent networks while ensuring adequate consumer protection, operational control, and risk management.

The directive has a significant impact on the Bank due to its extensive agent banking network and financial inclusion strategy. The Bank is required to establish agent selection and monitoring procedures, conduct due diligence on agents, provide appropriate training, maintain transaction monitoring systems, manage operational risks, and ensure compliance with customer protection requirements. Non-compliance may result in restrictions on agent banking activities, suspension of agents, regulatory penalties, increased supervisory oversight, and reputational damage.

2.5.7 ONPS/10/2025 – Digital Payment Service and Payment System Regulatory Framework

ONPS/10/2025 establishes updated regulatory requirements relating to digital payment services, payment system operations, interoperability, security standards, and supervision of electronic payment ecosystems. The objective of the directive is to strengthen Ethiopia's digital payment infrastructure, improve payment system resilience, enhance consumer protection, and support financial sector digital transformation.

The directive affects the Bank's strategic investment in digital channels, payment platforms, transaction processing systems, cybersecurity infrastructure, and partnership arrangements with fintech companies and other payment service providers. The Bank is required to maintain secure payment platforms, comply with interoperability requirements, implement fraud prevention mechanisms, ensure data protection, and report relevant operational information to NBE. Failure to comply may result in suspension of digital services, restrictions on payment activities, regulatory sanctions, and increased operational and reputational risks.

2.5.8 Directive SBB/83/2022 – Information Technology Risk Management Directive

Directive SBB/83/2022 on Information Technology Risk Management establishes requirements for managing technology-related risks within commercial banks. The objective of the directive is to ensure that banks maintain secure, reliable, and resilient information technology infrastructure capable of supporting banking operations and protecting customer information.

The directive directly impacts the Bank's technology infrastructure, cybersecurity framework, digital banking platforms, data management systems, and operational resilience. The Bank is required to establish IT governance structures, implement cybersecurity controls, conduct vulnerability assessments, maintain disaster recovery and business continuity plans, and manage technology outsourcing risks. Non-compliance may result in regulatory findings, mandatory remediation requirements, restrictions on technology operations, increased supervisory monitoring, and reputational consequences arising from operational failures or data breaches.

2.5.9 Capital Market Proclamation No. 1248/2021

The Capital Market Proclamation No. 1248/2021 establishes the legal foundation for Ethiopia's capital market and provides the regulatory framework for securities issuance, trading, market intermediaries, disclosure

requirements, and investor protection. The objective of the proclamation is to promote transparent, fair, and efficient capital markets and facilitate mobilization of long-term financing through securities markets.

The proclamation affects the Bank's participation in Ethiopia's emerging capital market, including potential issuance of securities, participation as an investor, and engagement with capital market institutions. The Bank is required to comply with securities disclosure obligations, reporting requirements, corporate governance expectations, and regulatory approvals applicable to capital market activities. Non-compliance may result in rejection or suspension of securities issuance approvals, regulatory penalties, restrictions on market participation, and reputational damage.

2.5.10 Public Offering and Trading of Securities Directive Number 1030/2024

The Public Offering and Trading of Securities Directive No. 1030/2024, issued by the Ethiopian Capital Market Authority (ECMA) pursuant to the Capital Market Proclamation No. 1248/2021, establishes the regulatory framework governing the public offering, registration, approval, and trading of securities in Ethiopia. The primary objective of the Directive is to promote fair, orderly, transparent, and efficient capital markets by ensuring that issuers provide complete, accurate, timely, and reliable information to investors, thereby facilitating informed investment decisions and strengthening investor protection.

The Directive has a direct impact on Cooperative Bank of Oromia S.C. in connection with its proposed public offering of ordinary shares and future participation in Ethiopia's capital market. The Bank is required to prepare and submit a comprehensive registration statement and prospectus containing full, true, and accurate disclosure of all material information relating to its business operations, financial condition, performance, risk factors, corporate governance, capital structure, management, use of proceeds, and the securities being offered. In addition, the Bank is required to comply with ongoing disclosure obligations, including the timely disclosure of material events and periodic financial and operational information, in accordance with ECMA's continuing reporting requirements.

To comply with the Directive, the Bank must ensure that all information contained in the prospectus and other offering documents is accurate, complete, not misleading, and supported by appropriate evidence. The Bank is also required to obtain ECMA approval before commencing the public offering, maintain appropriate corporate governance and internal control systems to support continuous disclosure obligations, and comply with all applicable requirements relating to securities issuance, marketing, allotment, and reporting.

Failure to comply with the requirements of the Directive may result in ECMA refusing or delaying approval of the public offering, suspending or revoking the registration of the securities, imposing administrative penalties or other enforcement measures, requiring amendments to offering documents, or initiating legal proceedings against the Bank and responsible persons for material misstatements, omissions, or other violations. Such non-compliance may also adversely affect investor confidence, delay capital raising activities, and damage the Bank's reputation in the capital market.

2.5.11 Ethiopian Securities Exchange (ESX) Rules and Market Requirements

The Ethiopian Securities Exchange rules establish operational, trading, listing, disclosure, and settlement requirements applicable to securities market participants. The objective of the rules is to ensure orderly market operations, transparency, investor confidence, and efficient securities trading.

The framework impacts the Bank's obligations if its securities become listed or traded through ESX. The Bank may be required to comply with listing requirements, periodic reporting obligations, corporate governance standards, and market disclosure requirements. Failure to comply may result in trading restrictions, suspension of securities, additional disclosure requirements, or regulatory enforcement measures.

2.5.12 Directive on Dematerialization of Publicly Offered Securities No. 1047/2025

The Directive on Dematerialization of Publicly Offered Securities No. 1047/2025 was issued by the Ethiopian Capital Market Authority (ECMA) pursuant to the authority provided under the Capital Market Proclamation No. 1248/2021. The directive establishes the regulatory framework for transitioning publicly offered securities from a physical certificate-based ownership system to an electronic book-entry system through registration with the Central Securities Depository (CSD). The primary regulatory objective of the directive is to enhance transparency, security, efficiency, and reliability in securities ownership, transfer, settlement, and record management while strengthening investor protection and supporting the development of Ethiopia's capital market infrastructure.

The directive has a direct impact on Cooperative Bank of Oromia S.C. as an issuer of publicly offered securities and a potential participant in Ethiopia's capital market ecosystem. The Bank is required to ensure that securities issued through public offerings are properly registered and dematerialized through the Central Securities Depository before trading or settlement. The directive also affects the Bank's shareholder register management, securities ownership records, investor communication processes, corporate actions, and future securities issuance arrangements. Under the directive, ownership of dematerialized securities is evidenced through electronic records maintained by the Central Securities Depository, and transfers of ownership are conducted through electronic book-entry mechanisms rather than physical certificate transfers.

To comply with the directive, the Bank is required to undertake necessary preparation for securities dematerialization, including reconciliation of shareholder records, updating shareholder information, submitting required securities holder registers, communicating the dematerialization process to security holders, and coordinating with authorized securities depository service providers. The Bank must ensure the accuracy and completeness of shareholder information, maintain proper records of issued securities, and comply with ECMA and CSD requirements relating to registration, migration, and settlement of securities. The Bank is also required to provide appropriate notifications to shareholders regarding the dematerialization process and applicable requirements.

Failure to comply with the requirements of Directive No. 1047/2025 may expose the Bank to regulatory consequences, including delays or restrictions in securities registration and trading activities, administrative measures by ECMA, and potential sanctions applicable under the capital market regulatory framework. In addition, weaknesses in securities records management or failure to complete the dematerialization process may create operational risks, investor complaints, settlement challenges, and reputational implications for the Bank as a capital market participant.

From a strategic perspective, the directive supports the Bank's participation in Ethiopia's developing capital market by improving the efficiency of securities administration, strengthening investor confidence, reducing operational risks associated with physical share certificates, and enabling more efficient future issuance, transfer, and settlement of securities. Compliance with the directive therefore represents both a regulatory obligation and an important enabler for the Bank's long-term capital market participation strategy.

2.5.13 Ethiopian Deposit Insurance Fund Regulation No. 482/2021

The Ethiopian Deposit Insurance Fund Regulation No. 482/2021 establishes the legal framework for depositor protection through the establishment and operation of the Ethiopian Deposit Insurance Fund (EDIF). The objective of the regulation is to strengthen public confidence in the financial system by protecting eligible depositors and contributing to financial sector stability.

The regulation affects the Bank through mandatory participation in the deposit insurance scheme and payment of required contributions to EDIF. The Bank is required to provide accurate deposit information, pay applicable insurance premiums, comply with reporting obligations, and support EDIF's supervisory requirements. Failure to comply may result in financial penalties, regulatory actions, and reputational consequences affecting depositor confidence.

2.5.14 International Financial Reporting Standards (IFRS) and Financial Reporting Requirements

The Bank prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), applicable Ethiopian financial reporting requirements, and regulatory reporting requirements issued by NBE. The objective of IFRS adoption is to enhance transparency, comparability, reliability, and quality of financial information provided to investors, regulators, and other stakeholders.

The framework significantly affects the Bank's accounting policies, financial reporting processes, impairment assessment, recognition of financial instruments, disclosure requirements, and internal data management systems. The Bank is required to prepare accurate financial statements, maintain appropriate accounting records, comply with IFRS disclosure requirements, and submit regulatory reports within prescribed timelines. Failure to comply may result in audit qualifications, regulatory findings, corrective measures, financial reporting adjustments, and reputational impacts.

2.5.15 Directive on Financial Consumer Protection No. FCP/01/2020

The Directive on Financial Consumer Protection No. FCP/01/2020 was issued by the National Bank of Ethiopia to establish minimum requirements for protecting customers of financial institutions and promoting fair, transparent, and responsible financial services. The regulatory objective of the directive is to ensure that financial institutions provide customers with adequate information, fair treatment, transparent pricing, effective complaint handling mechanisms, and appropriate protection throughout the customer relationship lifecycle.

The directive has a direct impact on Cooperative Bank of Oromia S.C. due to its large customer base, extensive branch network, agent banking operations, and increasing use of digital financial services. The directive influences the Bank's product design, customer communication practices, disclosure requirements, service delivery standards, complaint management framework, and customer relationship management processes. The Bank is required to provide clear and accurate information regarding products and services, disclose applicable fees and charges, ensure fair treatment of customers, maintain accessible complaint resolution mechanisms, and protect customer rights in accordance with regulatory requirements.

To comply with the directive, the Bank is required to establish customer protection policies and procedures, maintain complaint handling systems, provide appropriate customer disclosures, monitor service quality, ensure transparency in pricing, and implement mechanisms to address customer grievances within prescribed timelines. The Bank must also ensure that employees and agents involved in customer-facing activities are adequately trained regarding consumer protection requirements.

Failure to comply with the consumer protection framework may result in regulatory warnings, corrective actions imposed by NBE, financial penalties, restrictions on specific products or services, increased supervisory monitoring, and reputational damage arising from customer dissatisfaction or loss of public confidence.

2.5.16 Labour Proclamation No. 1156/2019

The Labour Proclamation No. 1156/2019 establishes the legal framework governing employment relationships, employee rights, workplace conditions, occupational safety, dispute resolution mechanisms,

and obligations of employers and employees in Ethiopia. The objective of the proclamation is to promote fair employment practices, protect workers' rights, ensure safe working conditions, and establish a balanced employment relationship between employers and employees.

The proclamation affects Cooperative Bank of Oromia S.C. through its human resource management practices, including employment contracts, employee benefits, workplace policies, performance management, termination procedures, occupational safety requirements, and employee relations. As a large financial institution with a significant workforce, compliance with labour requirements is essential for maintaining operational stability and employee engagement.

The Bank is required to comply with applicable employment standards, maintain legally compliant employment contracts, provide statutory benefits, ensure workplace safety, establish appropriate employee grievance mechanisms, and manage employment-related matters in accordance with the requirements of the proclamation. The Bank must also maintain appropriate documentation relating to employee records and employment decisions.

Non-compliance with labour requirements may expose the Bank to legal claims, financial liabilities, penalties imposed by relevant authorities, employee disputes, operational disruptions, and reputational risks affecting the Bank's ability to attract and retain qualified personnel.

2.5.17 Income Tax Proclamation No. 979/2016

The Income Tax Proclamation No. 979/2016 establishes the framework for taxation of income generated by individuals and business entities operating in Ethiopia. The objective of the proclamation is to ensure effective collection of government revenue through a transparent and structured income taxation system.

The proclamation directly affects the Bank's profitability, financial planning, tax expense management, and reporting obligations. As a commercial bank, Cooperative Bank of Oromia is required to calculate and pay applicable income taxes on taxable income generated from its banking operations while maintaining accurate tax records and supporting documentation. In accordance with the Income Tax (Amendment) Proclamation No. 1395/2025, the Bank also makes advance corporate income tax payments during the tax year, which are offset against its current income tax liability.

The Bank is required to prepare appropriate tax computations, submit tax declarations within prescribed periods, maintain supporting financial records, comply with tax authority requirements, and facilitate tax audits where required. Failure to comply may result in tax assessments, penalties, interest charges, legal disputes, and reputational consequences.

2.5.18 Value Added Tax (VAT) Proclamation No. 1341/2024

The Value Added Tax Proclamation No. 1341/2024 establishes the legal framework governing VAT administration, registration, collection, reporting, and compliance obligations for taxable transactions in Ethiopia. The regulatory objective of the proclamation is to strengthen tax administration, improve revenue collection efficiency, and ensure compliance among taxable entities.

The proclamation affects the Bank's operational costs, taxation processes, financial reporting, and treatment of taxable services. The Bank is required to identify applicable VAT obligations, maintain appropriate transaction records, issue and retain required tax documents, submit VAT returns where applicable, and comply with tax authority requirements.

Failure to comply may result in tax penalties, additional tax assessments, interest charges, audit findings, and potential legal consequences. Effective tax compliance is therefore important for maintaining financial discipline and minimizing regulatory and financial risks.

2.5.19 Regulatory Risk Assessment

The Bank operates in a highly regulated financial environment where regulatory requirements continue to evolve in response to financial sector reforms, digital transformation, capital market development, and increased supervisory expectations. Regulatory risk arises from the possibility that changes in laws, directives, supervisory requirements, or enforcement approaches may negatively affect the Bank's operations, financial performance, strategic initiatives, and compliance obligations.

The Bank's major regulatory risk exposures relate to prudential requirements, AML/CFT obligations, digital banking and cybersecurity regulations, capital market compliance, consumer protection requirements, and financial reporting standards. The Bank's continued balance sheet expansion requires effective management of capital adequacy, liquidity requirements, asset quality, and regulatory reporting obligations. Similarly, the increasing adoption of digital channels increases exposure to technology-related regulatory requirements, cybersecurity expectations, operational resilience obligations, and customer protection requirements.

The Bank mitigates regulatory risks through dedicated compliance functions, regulatory monitoring mechanisms, internal audit activities, risk management frameworks, employee training programs, and continuous engagement with regulatory authorities. However, changes in regulatory requirements, increased supervisory expectations, and implementation complexity may continue to create compliance challenges and require ongoing investment in systems, processes, and human resources.

2.5.20 Compliance Cost Implications

Regulatory compliance requires significant financial, operational, and strategic investments by the Bank. Direct compliance costs include investment in compliance personnel, AML/CFT monitoring systems, cybersecurity solutions, regulatory reporting platforms, internal audit resources, and legal advisory services.

Indirect compliance costs arise from employee training, process improvements, technology upgrades, documentation requirements, data governance initiatives, and operational adjustments required to meet regulatory expectations. In addition, prudential regulations may create strategic costs by requiring the Bank to maintain additional capital buffers, liquidity reserves, and risk management capabilities that influence balance sheet optimization and profitability.

While regulatory compliance generates additional costs, these investments strengthen operational resilience, enhance customer confidence, improve governance quality, and support sustainable long-term growth.

2.5.21 Compliance Status and Regulatory Gaps

As of the latest reporting period, Cooperative Bank of Oromia S.C. maintains compliance with major regulatory requirements relating to banking licensing, prudential reporting, corporate governance, financial reporting, taxation, and core AML/CFT obligations, except as follows. As at 30 June 2026 the Bank's NPL ratio was 6.01%, above the 5% regulatory limit; the ratio declined to 4.79% as at 30 September 2026 (unaudited), within the prescribed limit. As at 30 June 2026 the Bank's capital adequacy ratio of 9.00% met the 8% minimum, which remains the applicable requirement until 30 December 2026, and the Bank complies with the capital adequacy requirement currently in force. The 11% minimum under Directive SBB/95/2025 takes effect on 31 December 2026, and the Bank's projections of its ratio under the Rights Offer subscription scenarios are set out in Section 7.8 (Table 115A). Because the Rights Offer proceeds are expected to be received only after

the new shares are credited to subscribers' accounts on or about 12 March 2027 (Table 11), the Bank's capital adequacy ratio is projected to be below the 11% minimum from 31 December 2026, when that minimum takes effect, until the proceeds are received (9.08% at 31 December 2026, Section 7.8, Table 115A; 8.97% at 31 January 2027, Section 7.6, Table 112A).

However, as the regulatory environment continues to evolve, the Bank remains exposed to implementation challenges associated with operational standardization, digital risk management, data quality improvement, cybersecurity enhancement, customer due diligence consistency, and integration of regulatory reporting systems across business units.

The Bank continues to strengthen its compliance framework through enhanced monitoring, technology investment, employee capacity building, internal control improvements, and alignment of business practices with evolving regulatory expectations.

2.5.22 Strategic Regulatory Implications

The evolving regulatory environment has significant strategic implications for Cooperative Bank of Oromia S.C. Strengthened prudential requirements require disciplined capital planning, efficient balance sheet management, and enhanced risk governance. Increasing digital financial service regulations require continued investment in technology infrastructure, cybersecurity capabilities, and operational resilience.

The development of Ethiopia's capital market creates opportunities for the Bank to access alternative sources of capital, enhance transparency, and participate in broader financial market activities. However, participation in the capital market also introduces additional disclosure, reporting, governance, and investor protection obligations.

Furthermore, gradual financial sector liberalization and potential entry of foreign financial institutions may increase competitive pressure, requiring the Bank to maintain strong governance, operational efficiency, innovation capacity, and regulatory readiness.

Overall, compliance with the evolving regulatory framework is not only a legal obligation but also a strategic capability that supports the Bank's sustainability, market confidence, operational resilience, and long-term growth objectives.

2.6 Employees

2.6.1 Information on Employees of the Issuer

As of 30 June 2026, the Bank maintained a workforce of 7,108 permanent employees, supported by 6,221 outsourced personnel, representing a total human capital base of 13,329. The Bank's workforce is deployed across its Head Office, district offices, and nationwide branch network to support the delivery of banking products and services. The Bank also utilizes outsourced personnel (6,221 as at September 30, 2026) for selected non-core support services, including security, cleaning, facilities management, logistics, and maintenance services, enabling management to focus on its core banking operations.

Table 41: Employee Summary (As of June 2026)

Category	Number
Permanent Employees	7,108
Outsourced Personnel	6,221
Total Human Capital Base	**13,329**

The Bank's permanent workforce declined from 7,832 at 30 June 2024 to 7,108 at 30 June 2026, reflecting ongoing branch optimization initiatives, digitalization of banking services, and organizational restructuring. Employee distribution by region demonstrates the Bank's nationwide presence, with the largest concentration of employees located within Oromia Regional State and Finfinne (Addis Ababa) City Administration, reflecting the Bank's customer base and operational footprint.

Table 42: Full-Time Employees Summary Over Three Years

Region	Jun-24 Male	Jun-24 Female	Jun-25 Male	Jun-25 Female	Jun-26 Male	Jun-26 Female
Finfinne City Administration	2,112	675	2,021	655	1,874	645
Afar	14	1	12	1	10	1
Amhara	76	27	73	27	66	23
Benishangul	7	2	5	2	6	2
Dire Dawa City Administration	155	48	126	47	130	47
Gambella	15	2	10	1	9	1
Harari	55	11	52	12	48	13
Oromia	3,357	690	3,163	677	3,024	646
SERS	81	10	92	14	83	15
Central Ethiopia	182	34	161	34	151	31
Somali	26	3	23	2	25	2
Tigrai	62	22	93	28	79	26
Sidama	106	34	114	34	94	27
SWERS	21	4	21	4	27	3
Total by Gender	6,269	1,563	5,966	1,538	5,626	1,482
Percentage (%)	80.0%	20.0%	79.5%	20.5%	79.2%	20.8%
Total Employees	**7,832**		**7,504**		**7,108**	

Table 43: Contract Employees by Region Over Three Years

Region	Jun-24Male	Jun-24 Female	Jun-25 Male	Jun-25 Female	Jun-26 Male	Jun-26 Female
Finfinne City Administration	20	0	29	0	21	0
Afar	0	0	0	0	1	0
Amhara	0	0	2	0	1	0
Benishangul	0	0	0	0	0	0
Dire Dawa City Administration	0	0	1	0	2	0
Gambella	0	0	0	0	0	0
Harari	0	0	0	0	0	0
Oromia	13	0	21	0	19	0
SERS	0	0	0	0	0	0
Central Ethiopia	0	0	1	0	0	0
Somali	0	0	0	0	1	0
Tigrai	0	0	1	0	1	0
Sidama	0	0	0	0	0	0
SWERS	0	0	0	0	0	0
Total by Gender	33	0	55	0	46	0
Percentage (%)	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
Total Employees	**33**		**55**		**46**	

The number of permanent employees declined from 7,832 as of 30 June 2024 to 7,504 as of 30 June 2025, and further to 7,108 as of 30 June 2026. The reduction primarily reflects the Bank's strategic workforce optimization initiatives undertaken as part of its digital transformation program. Increased automation of banking processes, expansion of digital banking channels, and improvements in operational efficiency reduced the demand for additional staffing in certain operational functions. The decline in employee numbers was mainly attributable to voluntary resignations, retirements, and normal employee attrition, while the Bank adopted a more selective recruitment approach and limited new hiring in response to changing operational requirements. The workforce reduction was therefore driven by organizational efficiency initiatives rather than involuntary retrenchment and has not materially affected the Bank's ability to deliver banking services.

Table 44: Employee Composition by Job Category (As of June 2026)

Job Category	Number of Employees
Managerial and Administrative	70
Managerial / Supervisory	1,640
Professionals	2,243
Semi-Professionals	2,773
Manual and Custodial	382
Total Permanent Employees	7,108

As at 30 September 2026, the Bank had 6,998 permanent employees (5,533 male and 1,465 female) and 44 contract employees. By job category, the permanent employees at that date comprised 80 managerial and administrative, 1,675 managerial/supervisory, 2,171 professional, 2,696 semi-professional and 376 manual and custodial staff. By region, permanent employees at that date were: Finfinne City Administration 2,502; Oromia 3,606; Dire Dawa City Administration 174; Central Ethiopia 163; Sidama 129; Tigrai 97; SERS 91; Amhara 89; Harari 59; Somali 29; SWERS 29; Afar 12; Gambella 10; Benishangul 8; contract employees were in Finfinne City Administration (21), Oromia (17), Benishangul (3), Afar (1), Amhara (1) and Tigrai (1).

2.6.2 Employee-Related Aggregate Benefits and Expenses

The Bank considers its employees to be a critical strategic asset and continues to invest in attracting, retaining, and developing qualified personnel to support its business growth and digital transformation initiatives. Employee-related expenses primarily comprise salaries and wages, performance bonuses, statutory employee-related taxes, and pension contributions. These expenses increased over the review period, reflecting growth in the Bank's workforce, periodic salary adjustments, performance-based incentives, and expansion of branch and digital banking operations.

Table 45: Employee-Related Benefits and Expenses (ETB '000)

Particulars	FY2023	FY2024	FY2025	FY2026
Salaries and Wages	3,476,517.08	4,021,331.65	4,446,859.20	6,450,764.14
Bonus Expense	0	325,061	324,457	0
Employee-Related Tax Expenses	1,590,161.48	1,846,327.47	2,030,616.20	2,925,938.26
Pension Contributions	228,176.63	268,193.07	289,798.35	408,326.60
Medical Expense	34,970.24	57,040.41	82,329.50	123,932.44
Total Employee Benefit Expenses	5,329,825.43	6,517,953.60	7,174,060.25	9,908,961.44

Salary and wage expenses increased from ETB 3.48 billion in FY2023 to ETB 6.45 billion in FY2026, reflecting the continued expansion of the Bank's operations, periodic salary adjustments, and investment in human capital to support the Bank's strategic and operational priorities.

The Bank recorded performance-based bonus expenses of ETB 325.06 million and ETB 324.46 million in FY2024 and FY2025, respectively. No bonus expense was recorded in FY2023 or FY2026.

Employee-related tax expenses increased from ETB 1.59 billion in FY2023 to ETB 2.93 billion in FY2026, primarily reflecting the increase in employee compensation and the corresponding employee-related tax obligations. Pension contributions increased from ETB 228.18 million in FY2023 to ETB 408.33 million in FY2026, consistent with the growth in employee compensation and applicable statutory contribution requirements. Medical expenses also increased from ETB 34.97 million in FY2023 to ETB 123.93 million in FY2026, reflecting the Bank's continued provision of employee welfare and medical benefits.

A. Employee Share Ownership Scheme

The Bank operates an employee share ownership arrangement designed to strengthen employee commitment, promote long-term alignment with shareholder interests, and encourage employee participation in the Bank's growth. Eligibility to participate in the scheme is limited to permanent employees of the Bank in accordance with the Bank's internal policies and applicable share allocation procedures.

B. Leave and Medical Benefits

The Bank grants annual leave entitlements to employees in accordance with its human resource policies and applicable labour requirements. Non-managerial employees are entitled to 17 working days of annual leave, with one additional leave day added every two years of service. Managerial employees are entitled to 23 working days of annual leave, with additional leave days provided based on years of service.

The Bank also provides 100% local medical coverage for eligible employees as part of its employee welfare and occupational support framework.

C. Employees

Employees, comprising personnel engaged across its head office, district offices, branches, digital banking operations, and other service and support functions. The Bank's workforce supports its nationwide operations and the implementation of its strategic priorities, including financial inclusion, customer expansion, digital transformation, agricultural and cooperative financing, MSME financing, risk management, and operational efficiency.

2.6.3 Working Hours

Table 46: Head Office Working Hours

Working Days	Morning Session	Afternoon Session
Monday to Saturday	8:00 AM – 12:00 PM	1:00 PM – 5:00 PM

Table 47: Branch Working Hours

Working Days	Morning Session	Afternoon Session
Monday to Saturday	8:00 AM – 12:00 PM	1:00 PM – 6:00 PM

Table 48: Selected Extended-Hour Branches

Working Days	Morning Session	Afternoon Session
Monday to Saturday	8:00 AM – 12:00 PM	1:00 PM – 8:00 PM

2.7 Debt Position

The Bank’s debt position and funding structure reflect its conservative liquidity management approach, strong deposit mobilization capacity, and limited reliance on external borrowings. The Bank primarily finances its

operations through a diversified deposit base, supplemented by interbank transactions, central bank facilities when applicable, while also supporting its customers through off-balance sheet instruments such as guarantees and letters of credit.

As at the reporting date, the Bank has no outstanding borrowings from the National Bank of Ethiopia ("NBE"), other banks, financial institutions, or other lenders. The Bank's funding structure is predominantly deposit-based, with customer deposits serving as the primary source of funding for its lending and other banking activities.

2.7.1 Borrowings and Funding from Central Bank and Financial Institutions

The Bank participates in the interbank market as required as part of its normal treasury and liquidity management activities, including the management of short-term liquidity positions and funding requirements. However, such participation does not represent outstanding borrowing as at the reporting date. Accordingly, the Bank does not currently rely on NBE, interbank, or other institutional borrowings as a material source of its funding.

Historically, the Bank had borrowings from the NBE, which amounted to ETB 3.183 billion in FY2023 and declined to ETB 2.500 billion in FY2024. These borrowings were subsequently fully repaid, resulting in nil outstanding NBE borrowings in FY2025 and FY2026. The historical movement in NBE borrowings is presented below.

Table 49: Borrowings from NBE (ETB '000)

Year	FY 2023	FY 2024	FY 2025	FY 2026
Borrowing from NBE	3,183,000	2,500,000	-	-
Total	**3,183,000**	**2,500,000**	**-**	**-**

The complete repayment of NBE borrowings reflects the Bank's improved liquidity position and strengthened deposit mobilization capacity.

2.7.2 Deposit Liabilities

Customer deposits constitute the Bank's primary source of funding and represent the largest component of its liabilities. The Bank mobilizes deposits through conventional and interest-free banking products offered across its branch network, digital banking channels, agent banking network, and corporate banking relationships. Customer deposits comprise demand, savings, fixed-term, and interest-free deposits, providing a stable and diversified funding base that supports the Bank's lending, investment, and treasury activities.

As of 30 June 2026, total customer deposits amounted to ETB 191.436 billion, representing an increase of 67.8% from ETB 114.084 billion as of 30 June 2023. The growth reflects the Bank's continued success in deposit mobilization, expansion of its customer base, increased adoption of digital banking services, and sustained public confidence in the Bank.

Table 50: Customer Deposits (ETB '000)

Deposit Category	FY 2023	FY 2024	FY 2025	FY 2026
Conventional Banking Deposits	94,666,598	96,969,646	146,748,610	160,604,275
Interest-Free Banking Deposits	19,416,992	18,680,741	27,245,690	30,832,202
Total Customer Deposits	**114,083,590**	**115,650,387**	**173,994,300**	**191,436,477**

Customer deposits comprise conventional banking deposits and interest-free banking deposits mobilized from retail, corporate, institutional, and public sector customers. These deposits represent the Bank's principal source of funding and provide a stable base for financing lending activities and maintaining liquidity.

2.7.3 Off-Balance Sheet Commitments and Guarantees

The Bank issues financial guarantees, performance bonds, and letters of credit in the normal course of business to support customer transactions, trade finance activities, and contractual obligations. These instruments represent off-balance-sheet contingent obligations and generally result in cash outflows only when the underlying customer fails to meet its contractual or payment obligations and the relevant instrument is called or becomes payable.

Table 51: Commitments and Guarantees (ETB '000)

Year	FY 2023	FY 2024	FY 2025	FY 2026
Guarantees Issued	512,398	763,118	663,761	794,608
Letters of Credit	139,180	98,392	8,832,085	6,334,231
Total Commitments	**651,578**	**861,510**	**9,495,846**	**7,128,839**

Total commitments increased from ETB 651.6 million in FY2023 to ETB 861.5 million in FY2024, before increasing significantly to ETB 9.5 billion in FY2025. The 2025 increase was primarily driven by letters of credit, which rose to ETB 8.8 billion, reflecting increased trade finance activity and demand from customers. In FY2026, total commitments declined to ETB 7.1 billion, comprising letters of credit of ETB 6.3 billion and guarantees issued of ETB 794.6 million.

The Bank manages these exposures through its credit approval, limit management, collateral and monitoring frameworks, taking into account their potential credit, liquidity and capital implications.

2.7.4 Undrawn Facilities and Credit Commitments

The Bank also maintains approved but undrawn credit facilities, including overdrafts and approved loan commitments. These facilities represent potential future funding exposures that may arise depending on customers' drawdown requirements.

As shown in Table 52, undrawn overdrafts and approved loan commitments declined significantly from ETB 6,757 million in 2023 to ETB 3,212 million in 2024 and further to ETB 617 million in 2025, before rising to ETB 970 million in 2026. This represents a reduction of approximately 85.6% between 2023 and 2026. The decline indicates improved utilization of previously approved facilities, together with more disciplined credit approval and commitment management.

Table 52: Undrawn Overdrafts and Loan Commitments (ETB Million)

Year	2023	2024	2025	2026
Undrawn Overdrafts and Approved Loans	6,757	3,212	617	970

The substantially lower level of undrawn commitments as of 2026 also reduces the Bank's potential future funding requirements arising from customer drawdowns and supports more effective management of liquidity and credit exposure. The decline in undrawn commitments since 2023 reflects tighter credit approval discipline and improved utilization of approved facilities.

2.7.5 Guarantees and Contingent Liability Disclosure

The Bank issues guarantees, letters of credit, performance bonds, and other similar instruments in the ordinary course of its banking business to support customers' contractual and financial obligations. Such instruments are issued in accordance with the Bank's approved credit policies and risk management framework and are generally supported by appropriate collateral or other risk mitigation arrangements.

The Bank does not act as a guarantor for any material debt or borrowing obligations of third parties, including its customers, shareholders, directors, subsidiaries, associates, or other related parties, except for guarantees and similar contingent obligations issued in the ordinary course of its banking business.

2.7.6 Changes in Borrowing and Funding Structure

Since FY2024, the Bank's borrowing and funding structure has changed primarily as a result of the full repayment of its outstanding borrowings from the National Bank of Ethiopia (NBE). Following the repayment, the Bank has not entered into any new material borrowing arrangements with the NBE, domestic banks, international financial institutions, or other institutional lenders. The Bank's funding structure continues to be predominantly supported by customer deposits, which remain its principal source of funding.

Accordingly, compared with FY2024, the key material change in the Bank's funding structure is the elimination of outstanding NBE borrowings and the continued reliance on customer deposits as the primary source of funding.

2.7.7 Expected Financing for Operational plans and Strategic Activities

The Bank's future financing requirements arising from its strategic Operational plan, including branch expansion, digital transformation investments, lending growth targets, and infrastructure development, are expected to be primarily funded through:

- Growth in customer deposits mobilized through branch, agent, and digital channels
- Retained earnings and internal capital generation
- Efficient balance sheet management and liquidity optimization
- Selective use of interbank market instruments, where applicable
- Regulatory capital planning aligned with National Bank of Ethiopia prudential requirements

Capital expenditure related to digital transformation, core banking upgrades, cybersecurity enhancement, and expansion of financial inclusion services will be financed through internally generated funds supplemented by capital planning buffers maintained under regulatory capital adequacy requirements.

The Bank does not currently rely on material external borrowing plans for financing its strategic expansion, although access to interbank and central bank facilities remains available as part of standard liquidity management practices.

2.7.8 Credit Ratings

As of the date of this Prospectus, the Bank does not maintain any publicly disclosed international or domestic credit rating assigned by a recognized rating agency.

2.8 Coopbank's Investment Activities

Cooperative Bank of Oromia S.C. ("the Bank") maintains a diversified investment portfolio comprising strategic equity investments, an investment in an associate, Treasury Bonds, Treasury Bills, Development Bank of Ethiopia ("DBE") Bonds, Government Bonds, interbank money market placements, and other fixed-income investments. These investments support the Bank's strategic objectives of liquidity management, revenue diversification, capital preservation, participation in Ethiopia's financial infrastructure, and long-term shareholder value creation. The Bank's investment strategy focuses on balancing stable income generation with long-term strategic investments that strengthen its participation in the Ethiopian financial ecosystem. Investments are concentrated in financial infrastructure, insurance, payment systems, capital market

institutions, and selected productive sectors that complement the Bank's business strategy while supporting the development of Ethiopia's financial sector.

2.8.1 Material Investments and Developments Since the Last Reporting Date

As of the date of this Prospectus, the Bank's investment portfolio remains substantially consistent with that reported in the audited financial statements for the year ended 30 June 2026. No material acquisitions or disposals have occurred after the reporting date that significantly affect the composition, value, or risk profile of the investment portfolio. Subsequent investments primarily relate to routine treasury operations and short-term liquidity management undertaken within approved investment limits. The Bank's commitment of ETB 323.85 million to the Coop Investment Bank project under formation is reported in the audited financial statements for the year ended 30 June 2026 and is described in Section 2.8.7.

2.8.2 Equity Investments and Geographical Distribution

As at 30 June 2026, the Bank's equity investment portfolio had a total fair value of ETB 642.54 million, comprising an acquisition cost of ETB 240.54 million and cumulative fair value gains of ETB 402.00 million.

The portfolio excludes the ETB 15.00 million associate investment (Table 54) and the ETB 323.85 million committed to the Coop Investment Bank project (Section 2.8.7); including both, total equity investments in Note 16a of the audited financial statements are ETB 981.39 million.

The Bank's equity investments are entirely domestic and are concentrated in strategic institutions operating within Ethiopia's financial services, insurance, capital market infrastructure, manufacturing and agribusiness sectors. Most of investee companies are headquartered as well as business operation base in Addis Ababa, reflecting the concentration of major corporate and financial institutions within the capital city.

Table 53: Equity Investments with geographical Distributions

Investee Company	Ownership	Cost (ETB'000)	Revaluation Gain/(Loss)	FairValue (ETB'000)	HQ Location	Business Operation Location
Oromia Insurance Company S.C.	5.73%	113,827	28,280	142,107	Addis Ababa	Addis Ababa
Gutu Oromia S.C.	17.68%	3,500	695	4,195	Addis Ababa	Addis Ababa
Elemtu Integrated Milk Industry S.C.	3.70%	5,000	985	5,985	Addis Ababa	Sheger city Sululta
EthSwitch Solution S.C.	2.05%	60,903	326,161	387,064	Addis Ababa	Addis Ababa
Premier Switch Solutions S.C.	1.32%	6,627	16,606	23,233	Addis Ababa	Addis Ababa
Bomoj Meat Processing & Export S.C.	0.51%	1,722	203	1,925	Addis Ababa	Oromia Modjo
Melba Printing & Publishing S.C.	2.53%	10,000	30,941	40,941	Addis Ababa	Sheger city Gelan
Ethiopian Securities Exchange S.C.	3.28%	38,963	(1,874)	37,089	Addis Ababa	Addis Ababa
Total		240,542	401,997	642,539		

The fair values of the Bank's equity investments in Table 53 have been determined in accordance with IFRS 13 – Fair Value Measurement. The valuation methodology, key assumptions, and supporting calculations are presented in the fair Valuation Report on the independent fair valuation of unquoted equity Investments held by Coopbank as at 30 June 2026. IFRS 13 recognises three valuation techniques (the market, income and cost approaches); the independent valuer used the market approach (Note 16a of the audited financial

statements). There are various valuation methods under each technique and the appropriateness of the technique and method to use is pegged on reliability and availability of information.

2.8.3 Investment in Associate

The Bank holds a 20% equity interest in Orologo Prefabricated PLC, which is accounted for as an associate investment. Orologo Prefabricated PLC was established on 15 Meskerem 2002 (Ethiopian calendar; approximately 25 September 2009) by the Bank and two other shareholders, and the Bank invested ETB 15 million for its 20% interest. According to the Federal First Instance Court judgment described below, the company has not commenced operations, has paid no dividend and has not held a general meeting of its shareholders since its establishment. On 13 Meskerem 2018 (approximately 23 September 2025) the Bank applied to the Federal First Instance Court, 5th Commercial Bench (file no. 20773), under Articles 181(4) and 531 of the Commercial Code (Proclamation No. 1243/2021), for the dissolution of the company and the closure of its accounts. The first defendant, a co-shareholder, did not oppose the application, and the second defendant, also a co-shareholder, did not appear. By its decision dated 4 Tir 2018 (Ethiopian calendar; approximately 12 January 2026), the Court ordered that the company be dissolved with effect from 4 Tir 2018 under Article 181(1), (3) and (4) of the Commercial Code; that its accounts be closed by an independent accountant appointed by agreement of the parties or, failing agreement, by the Court's registrar; that, after its assets have been collected and its debts paid, any remaining funds be distributed to the shareholders in proportion to their shares; and that each party bear its own costs. The parties' right of appeal was reserved. The decision does not order any payment or refund of the Bank's investment by the company or the other shareholders. The amount the Bank recovers, if any, will depend on the outcome of the liquidation, and the Bank may lose all or part of its ETB 15 million investment.

The company's legal name is Orologo Prefabricated PLC, as shown in its commercial registration certificate, its taxpayer registration certificate and the Court's decision; Note 16a of the audited financial statements refers to it as Orologo Prefabricated Factory plc. No appeal has been filed by any party, and no accountant has yet been appointed by the shareholders or the Court to finalize the accounts and the distribution. The Bank's investment of ETB 15 million remains recorded on its balance sheet; the investment may be fully impaired, with no recovery expected; the final recoverable amount and any write-off remain subject to the independent assessment and the conclusion of the liquidation. The investment was disclosed separately as an associate in the previous year. In the audited financial statements for the year ended 30 June 2026 it continues to be accounted for as an associate under IAS 28, using the equity method (Note 16); following the external auditor's recommendation to simplify presentation, its carrying amount is included with the Bank's equity investments in Note 16a and within financial assets at fair value through other comprehensive income in the statement of financial position, but it is not measured at fair value and no revaluation gain or loss has been recognised on it. The impairment assessment below is limited to the information available, owing to the lack of sufficient and reliable financial information from the company during the liquidation proceedings, and the Bank will address the measurement, the recognition of impairment and the disclosure of the investment in its forthcoming interim and annual financial statements in accordance with IFRS. The Bank considers that, given its materiality threshold of ETB 100 million, a full loss of the investment would not materially affect its financial position or results of operations.

Table 54: Investment in Associate

Investee Company	Ownership	Cost (ETB'000)	Share of Profit/(Loss)	Carrying Amount (ETB'000)	HQ Location	Business Operation Location
Orologo Prefabricated PLC	20%	15,000	–	15,000	Addis Ababa	Addis Ababa

Note: The carrying amount is the cost of the investment; no share of the company's profit or loss has been recognised (Note 16 of the audited financial statements). The investment has not been measured at fair value.

The associate did not declare dividends during the review period. Consequently, the Bank did not recognize dividend income from this investment during the four-year review period.

The investment is presented at its cost of ETB 15,000 thousand, with no revaluation, in Note 16a of the audited financial statements for the year ended 30 June 2026 (30 June 2025: ETB 15,000 thousand). The notes describe the company as existing in operational difficulty and as immaterial to the Bank, and no share of profit or loss, dividend or impairment loss has been recognised. The audited financial statements do not refer to the Court decision of 4 Tir 2018 (approximately 12 January 2026). The investment represents approximately 0.06% of the Bank's total equity of ETB 23.62 billion at 30 June 2026.

Impairment assessment. The Court's order of 4 Tir 2018 (approximately 12 January 2026) dissolving the company, the fact that the company has not commenced operations since its establishment and the absence of financial information from the company are indicators of impairment. As no recovery is expected, the recoverable amount of the investment on the information available is nil, which indicates a full impairment of its carrying amount of ETB 15,000 thousand; the final amount will depend on the conclusion of the liquidation. The audited financial statements for the year ended 30 June 2026 recognise no impairment loss. A full impairment would have reduced the Bank's profit before tax for the year ended 30 June 2026 of ETB 8,114,026 thousand by approximately 0.2%, its total equity at 30 June 2026 of ETB 23,618,258 thousand by approximately 0.06% and its capital adequacy ratio at that date (9.00%) by less than 0.01 percentage point.

Reconciliation to the audited financial statements. The equity investments in Note 16a of the audited financial statements, of ETB 981,390 thousand at 30 June 2026, comprise the investments in Table 53 (ETB 642,539 thousand: cost ETB 240,542 thousand and revaluation gain ETB 401,997 thousand), the amount committed to Coop Investment Bank (ETB 323,850 thousand, at cost; Section 2.8.7) and the investment in Orologo Prefabricated PLC (ETB 15,000 thousand, at cost), and are presented in the statement of financial position as financial assets at fair value through other comprehensive income. The total in Note 16a exceeds the sum of these amounts (ETB 981,389 thousand) by ETB 1 thousand because of rounding.

2.8.4 Fixed Income and Treasury Investments

The Bank maintains a diversified portfolio of fixed-income investments consisting of Treasury Bonds, Treasury Bills, Development Bank of Ethiopia Bonds, Government Bonds and interbank money market placements. These investments form an integral component of the Bank's treasury and liquidity management framework by generating stable investment income while preserving liquidity and capital.

Returns from these investments are generated through fixed coupon payments, discount yields and market-based interest rates depending on the nature and maturity of each instrument. Investment income increased consistently over the review period, rising from ETB 433.34 million in FY2022/23 to ETB 1,761.21 million in FY2025/26. The increase primarily reflects higher Treasury Bond, Treasury Bill and DBE Bond investments. Projected investment income gradually declines over the forecast period as existing investments mature and principal repayments are received under their contractual schedules.

The applicable coupon rates and investment yields vary depending on the specific instrument, maturity profile and prevailing market conditions at the time of issuance. Details of the coupon rates and yields applicable to the Bank's Treasury Bonds, Treasury Bills, DBE Bonds, Government Bonds and money market investments are provided in the accompanying investment schedules.

Table 55: Historical and Projected Income from Fixed-Income Investments (ETB)

Investment	FY2022/23	FY2023/24	FY2024/25	FY2025/26	FY2026/27P	FY2027/28P	FY2028/29P	FY2029/30P	FY2030/31P	FY2031/32P
Treasury Bonds	-	214,467,489	436,666,139	764,642,216	731,331,815	609,181,808	468,502,907	286,646,927	52,121,700	-
Treasury Bills	431,744,824	174,432,452	14,514,648	760,112,259	88,182,951	-	-	-	-	-
DBE Bonds	-	108,956,062	189,857,647	234,856,058	237,279,150	237,279,150	237,279,150	199,189,424	162,129,150	41,381,602
Government Bonds	1,600,000	1,600,000	1,600,000	1,600,000	1,044,384	-	-	-	-	-
Total	**433,344,824**	**499,456,003**	**642,638,434**	**1,761,210,532**	**1,057,838,300**	**846,460,958**	**705,782,057**	**485,836,351**	**214,250,850**	**41,381,602**

2.8.5 Returns on Equity Investments

The Bank earns dividend income from selected strategic equity investments, primarily those operating within Ethiopia's financial services sector. Other investments remain in their development or expansion phases and are intended to generate long-term strategic value rather than immediate dividend income.

Table 56: Dividend Income from Equity Investments (ETB)

Investee Company	FY2022/23	FY2023/24	FY2024/25	FY2025/26
Elemtu Integrated Milk Industry S.C.	-	-	-	-
Gutu Oromia S.C.	-	-	-	-
Orologo Prefabricated PLC	-	-	-	-
EthSwitch Solution S.C.	5,759,089	12,449,624	12,400,000	15,700,000
Oromia Insurance Company S.C.	18,059,984	21,647,016	21,600,000	24,100,000
Premier Switch Solutions S.C.	956,432	1,414,996	-	3,600,000
Bomoj Meat Processing & Export S.C.	-	-	-	-
Melba Printing & Publishing S.C.	-	-	-	-
Ethiopian Securities Exchange S.C.	-	-	-	-
Total Dividend Income	**24,775,506**	**35,511,636**	**34,097,000**	**43,527,000**

Note: The amounts for each investee for FY2024/25 and FY2025/26 are rounded to ETB 0.1 million, as disclosed in Note 8 of the audited financial statements; the totals are the audited dividend income (ETB 34,097 thousand and ETB 43,527 thousand).

Dividend income increased from ETB 24.78 million in FY2022/23 to ETB 43.53 million in FY2025/26 (ETB 34.10 million in FY2024/25), reflecting improved profitability and dividend distributions from the Bank's investments in EthSwitch Solution S.C. and Oromia Insurance Company S.C. These investments continue to provide recurring income while also strengthening the Bank's strategic position within Ethiopia's financial infrastructure. Investments that have not yet generated dividend income are primarily long-term strategic investments intended to support capital appreciation, ecosystem development and future growth opportunities.

2.8.6 Future Investment Plans and Financing

The Bank intends to continue expanding its investment portfolio in line with its long-term strategic objectives, with particular emphasis on digital financial infrastructure, payment systems, capital market institutions, financial technology, insurance, and other strategic sectors that support financial inclusion and sustainable economic development.

Future investments are expected to be financed primarily through retained earnings, internally generated capital, strategic portfolio rebalancing and prudent capital planning. The Bank does not currently intend to rely on material long-term external borrowings to finance its planned investment activities. The investment strategy will continue to be implemented in accordance with the Bank's investment policy, risk appetite, and applicable regulatory requirements issued by the National Bank of Ethiopia and other relevant regulatory authorities.

2.8.7 Coop Investment Bank (Project under Formation)

Coop Investment Bank S.C. (“Coop Investment Bank”) is a proposed investment bank that forms part of the Bank’s long-term investment plans. On 14 June 2025 the Board of Directors authorised management to proceed with the registration process for establishing it as a non-banking subsidiary of the Bank, and by letter dated 24 November 2025 (Ref. FIS/BSD/1047/25) the National Bank of Ethiopia informed the Bank that it has no objection to the establishment of an investment bank. As at the date of this Updated Prospectus only its name has been registered: no legal entity has been established, its Memorandum of Association has not been approved, its ownership structure has not been finalised and no shares have been issued. Coop Investment

Bank is therefore not a subsidiary or associate of the Bank, and the Bank holds no shares or voting rights in it.

The Bank itself has invested ETB 323.85 million toward the proposed initial capital of Coop Investment Bank. The amount is held in a blocked account at the Bank's Ijo Branch, opened for share mobilization, and is restricted from withdrawal or other transactions. In the audited financial statements for the year ended 30 June 2026 it is recognised as an asset of the Bank and carried at cost, with no revaluation, within equity investments (Notes 16 and 16a); it is not included in the equity investment portfolio in Table 53 or in the investment in Orologo Prefabricated PLC. For regulatory capital purposes it is classified under other assets and included in risk-weighted assets.

The establishment and operation of Coop Investment Bank depend on its incorporation and on the licences and approvals of the competent authorities, none of which, other than the National Bank of Ethiopia's no-objection, has been obtained, and there has been no significant progress toward its establishment over the past year. There is no assurance that it will be established (Section 9.1.3). The Bank will disclose its establishment, and any resulting group structure and consolidation implications, in accordance with its continuing disclosure obligations to the Ethiopian Capital Market Authority.

2.9 Property, Land, And Fixed Assets

As of 30 June 2026, Cooperative Bank of Oromia S.C. ("Coopbank" or "the Bank") maintained a substantial portfolio of property, plant, and equipment supporting its nationwide banking operations, digital infrastructure, branch expansion strategy, and service delivery capacity. The Bank's fixed assets primarily comprise owned office buildings, branch premises, warehouses, construction in progress, computer and IT infrastructure, motor vehicles, office equipment, and other operational assets.

2.9.1 Post–Reporting Date Update (After 30 June 2026)

The Bank confirms that, subsequent to 30 June 2026 and up to the date of this Prospectus, there have been no material disposals, impairments, or acquisitions of property, land, and fixed assets that significantly affect the overall structure, valuation, or composition of the fixed asset base.

Any ongoing additions relate mainly to continuing construction projects and routine capital expenditure for operational expansion, which are in line with the Bank's approved capital budget and strategic expansion plan.

2.9.2 Legal Status, Ownership, and Encumbrances

All property, land, and buildings disclosed in this section are:

- Registered under the legal ownership of Cooperative Bank of Oromia S.C., or
- Held under valid long-term lease agreements recognized under applicable Ethiopian land lease laws.

The Bank confirms that:

- None of the disclosed major buildings are subject to mortgage, pledge, or security interest arrangements as of 30 June 2026.
- No material legal disputes, third-party claims, or ownership restrictions exist that could materially affect the Bank's use of these properties.
- Certain land lease assets are subject to standard municipal lease terms, including renewal and administrative conditions consistent with Ethiopian urban land lease regulations.

2.9.3 Property, Plant and Equipment Overview

The Bank's accounting policy requires all Property, Plant and Equipment (PPE) to be initially recognized at cost in accordance with IAS 16 – Property, Plant and Equipment. The Bank applies the cost model to all fixed assets, with depreciation recognized monthly over the assets' respective useful lives.

Table 57: Summary of Major Fixed Assets (As of 30 June 2026)

Asset Category	Quantity	Cost (ETB '000)	Net Book Value (ETB '000)
Own Buildings	16	1,743,601	1,691,029
Motor Vehicles	401	2,248,964	1,502,917
Computer & IT Infrastructure	21,884	4,676,060	3,318,189
Office Equipment & Machinery	9,548	2,409,652	1,547,243
Construction in Progress	9	2,467,447	2,467,447
Total	**31,858**	**13,545,724**	**10,526,825**

The Bank's asset composition demonstrates a strong investment in digital banking infrastructure, which represents the largest asset class, reflecting the Bank's digital transformation strategy and expansion of electronic banking services.

2.9.4 Owned Properties and Buildings

The Bank owns 16 major operational buildings located primarily in Addis Ababa and Oromia Regional State. These properties are used for branch operations, head office functions, warehouses, and mixed-use service delivery.

Certain properties generate limited rental income from portions not utilized for core banking operations. The total annual rental income from such partial leasing arrangements is reflected under "Other Operating Income" in the Bank's financial statements.

Table 58: Owned Buildings and Actual Usage as of June 30, 2026

No.	Description	Location	Legal Status	Current Use	Physical Characteristics	Net Book Value (ETB '000)
1	Gofa Building	Addis Ababa	Owned	Office operations	Villa	5,124
2	Laga Tafo CCD Building	Sheger City	Owned	Office operations	G+1	14,621
3	Akaki Kality Building	Addis Ababa	Owned	Office operations	Villa	4,184
4	N/Lafto Gofa Building	Addis Ababa	Owned	Office operations	Villa	18,462
5	Torhailoch Building	Addis Ababa	Owned	Office operations	Villa	3,373
6	Hora Arsedi Building	Bishoftu	Owned	Mixed (office & partial rental)	1B+G+4	35,156
7	Kolfe Building	Addis Ababa	Owned	Mixed (office & partial rental)	G+1	4,081
8	Kuyu Building	Oromia	Owned	Office operations	G+3	17,770
9	Gulele Building	Addis Ababa	Owned	Mixed (limited rental use)	G+2	202,944
10	Legetafo Building G+3	Sheger City	Owned	Office operations	G+3	11,780
11	Adama Mojo Warehouse	Oromia	Owned	Operational warehouse	Warehouse	15,705
12	Dukem Warehouse	Oromia	Owned	Operational warehouse	Warehouse	14,918
13	Anen Salale Facility	Sheger City	Owned	Operational warehouse	Warehouse	23,650
14	Transitional Head Office Building	Addis Ababa	Owned	Head office operations	4B+G+15	94,176
15	Nekemte Building	Oromia	Owned	Office & branch operations	1B+G+7	135,172
16	Woliso Building	Oromia	Owned	Mixed use	1B+G+3	857,580

a) **Construction in Progress (CIP)**

The Bank maintains ongoing capital projects under construction, representing future operational expansion and infrastructure strengthening as of June 30, 2026.

Table 59: Construction in Progress

Description	Location	Nature	Legal Status	Counterparty	Contract Start Date	Contract Completion Date	Value (ETB '000)	Amount Paid to date (ETB '000)	Physical Features
Adama District Office Building	Adama City	Mixed Use	Lease	SAMKET Engineering and Construction PLC	Dec. 19, 2024	28-Mar-28	3,017,983	324,380	3B+G+13
Harar Office Building Project	Harar City	Office Building	Purchased	Yirgalem construction PLC.	8-Mar-23	30-Nov-26	316,716	125,602	B+G+M+5

The Adama District Office Building (contract value ETB 3,017,983 thousand; Table 59) represents the Bank's most significant ongoing infrastructure investment. All construction-in-progress assets are legally owned by the Bank or held under valid lease arrangements and are free of any encumbrances, having not been pledged as collateral. These assets are measured at cost in accordance with IAS 16 (Property, Plant and Equipment) and will be capitalized and transferred to the relevant property, plant and equipment categories upon completion and readiness for their intended use.

b) **Functional Classification of Buildings**

Table 60: Functional Use of Buildings

Function	Description
Office Use	Majority of buildings used for banking operations, administration, and branch services
Mixed Use	Buildings used for both operational banking and limited rental activity
Warehouse/Logistics	Facilities used for storage, distribution, and operational logistics support

The classification “mixed use” refers to dual-purpose properties where part of the building is used for banking operations and a limited portion is temporarily leased to third parties where operational space is not fully utilized.

2.10 Material Contracts

2.10.1 Overview of Material Contracts

The Bank considers a contract to be material where, based on management’s assessment, it is financially significant when the contract price is equal to or more than ETB 100,000,000. In addition, a contract may be considered material where its terms or obligations are legally or operationally significant and may have a material impact on the Bank’s compliance, regulatory standing, reputation, consumer protection obligations, or adherence to applicable laws, regulations, directives, policies, or regulatory guidelines.

Accordingly, the Bank assesses materiality not only based on the financial value of a contract but also based on its potential legal, regulatory, operational, reputational, and consumer protection implications. Contracts meeting these criteria are considered material for purposes of disclosure in this Prospectus.

Coopbank has entered into several significant contractual arrangements and strategic partnerships that support its operational infrastructure, digital banking transformation, data center modernization, customer

service delivery, and branch expansion activities. These contracts are considered material due to their operational significance, financial magnitude, strategic relevance, and potential impact on the Bank's business continuity and technological capabilities.

Materiality assessments are conducted based on the following criteria:

- Potential operational disruption or systemic impact;
- Financial significance and long-term contractual obligations;
- Strategic importance to digital transformation and service delivery;
- Impact on reputation, compliance, and customer experience;
- Dependency on critical technology infrastructure or third-party vendors.

The Bank maintains strong operational dependence on mission-critical technology systems, including core banking infrastructure, payment switch integrations, digital banking platforms, cybersecurity infrastructure, data center operations, and automated banking systems such as ATMs and CRMs. Any prolonged disruption affecting these systems could materially impair transaction processing, customer access, payment services, regulatory reporting, and operational continuity.

To mitigate such risks, the Bank has implemented high-availability infrastructure, disaster recovery mechanisms, backup systems, cybersecurity controls, and vendor management frameworks designed to ensure operational resilience and uninterrupted banking services.

2.10.2 Major Material Contracts

1) Construction of Adama District Office Building

The Bank entered into a construction agreement with Samket Engineering and Construction for the development of the Adama District Office Building. The project forms part of the Bank's long-term infrastructure expansion strategy aimed at strengthening operational capacity in one of its major business corridors.

Table 61*: Construction agreement with Samket Engineering and Construction*

Item	Details
Contractor	Samket Engineering and Construction
Contract Date	02 December 2024
Contract Value	ETB 3,017,983,923
Location	Adama Town
Commencement	14 calendar days after site handover
Completion Period	1,195 calendar days

2) Digital Lending Platform and Strategic FinTech Partnership Agreements

The Bank has entered into strategic digital banking and financial technology partnership agreements aimed at accelerating digital transformation, expanding uncollateralized digital lending services, strengthening customer acquisition capabilities, and enhancing automated credit management systems. These agreements are considered material due to their significance in supporting the Bank's digital financial services ecosystem, alternative credit scoring capabilities, customer onboarding infrastructure, and digital lending operations.

The agreements support the Bank's long-term strategy of expanding technology-enabled financial inclusion, digital credit accessibility, and scalable fintech-driven banking solutions across Ethiopia.

The materiality of these agreements is based on:

- Strategic importance to digital transformation initiatives;
- Dependency on digital lending infrastructure and AI-based credit scoring systems;
- Operational reliance on third-party fintech service providers;
- Impact on customer acquisition, onboarding, and digital service delivery;
- Contribution to revenue generation and future digital banking scalability;
- Importance to business continuity, credit analytics, and customer experience enhancement.

The Bank recognizes that disruptions affecting these platforms, integrations, or support services may materially affect digital lending operations, customer servicing, transaction processing, and technology-enabled financial products. To mitigate these risks, the Bank maintains contractual governance mechanisms, operational controls, cybersecurity measures, infrastructure redundancy arrangements, and vendor oversight frameworks.

A) Platform as a Service Agreement – Kifiya Financial Technology PLC

The Bank entered into a long-term Platform as a Service Agreement with Kifiya Financial Technology PLC for the deployment and operation of a digital lending platform, AI-based alternative credit scoring system, customer onboarding solutions, credit analytics, and technical support services.

The agreement forms part of the Bank's strategic initiative to expand uncollateralized digital lending products and digitally-enabled credit services through scalable fintech infrastructure,

Table 62: Agreement Details Kifiya Financial Technology

Item	Details
Service Provider	Kifiya Financial Technology PLC
Agreement Type	Platform as a Service Agreement
Agreement Date	24 June 2023
Contract Duration	7 Years
Core Service Areas	Digital Lending Platform, AI Credit Scoring, Credit Analytics, Credit Management
Deployment Model	Service-in-a-Box Infrastructure
Revenue Sharing Arrangement	30% Kifiya / 70% Coopbank
Settlement Frequency	Quarterly
Geographic Scope	Ethiopia
Exclusivity	Non-exclusive arrangement

B) Scope of Services

Under the agreement, Kifiya provides:

- Deployment of digital lending and credit management platforms;
- AI-based alternative credit scoring systems;
- Customer onboarding and KYC infrastructure;
- Digital loan origination and approval workflows;
- Credit lifecycle management systems;
- Debt collection support platforms;
- Technical assistance and operational support;
- Customer acquisition support services (optional);

- Business intelligence and analytics functionalities.

The platform supports end-to-end digital lending operations including:

- Customer education;
- Digital onboarding and verification;
- Automated credit decisioning;
- Contract management;
- Loan disbursement;
- Repayment processing;
- Portfolio monitoring;
- Credit collection management.

3) Mobile and Agent Banking Technology Platform Agreement (Ebirr)

The Bank entered into an amended Technology Service Provisioning Agreement with Ebirr Mobile Financial Service PLC for the provision of mobile money, mobile banking, agent banking, internet banking, and customer onboarding technology platform services. The agreement supports the Bank's digital financial services expansion strategy and enables the delivery of wallet services, agent banking operations, merchant payments, ecosystem integrations, and customer onboarding capabilities across Ethiopia.

The agreement establishes a long-term strategic partnership under a revenue-sharing model and includes technology platform provisioning, system integration, maintenance support, customer support services, and agent ecosystem development.

Table 63: Agreement Detail of Agent Banking

Item	Details
Service Provider	Ebirr Mobile Financial Service PLC
Agreement Type	Mobile and Agent Banking Technology Service Provisioning Agreement
Effective Date	27 May 2024
Contract Duration	Five (5) Years
Scope of Services	Mobile Money, Mobile Banking, Agent Banking, Internet Banking, Customer Onboarding Solutions
Commercial Structure	Revenue Sharing Model
Upfront License Fee	No Upfront Fee
Technology Platform	Ebirr Mobile and Agent Banking Platform
Coverage	Nationwide Agent and Digital Banking Ecosystem
Support Service	24/7 Technical Support and Call Center Services
Infrastructure Provision	Software, Applications, Servers, and Backup Infrastructure Provided by Ebirr
Integration Scope	Core Banking System, Card System, Reporting System, EthSwitch and Other Banking Platforms
Renewal Provision	Automatic Renewal Every Two Years Unless Terminated
Regulatory Framework	Subject to National Bank of Ethiopia Directives

The agreement provides that Ebirr shall supply and maintain the mobile and agent banking technology platform, including required software applications, integrations, support services, and related infrastructure necessary for the Bank's digital banking operations. The platform supports customer registration, wallet management, merchant payments, bill payments, person-to-person transfers, account services, and digital banking operations.

The agreement further outlines the responsibilities of both parties regarding customer onboarding, agent recruitment support, merchant ecosystem development, technical support, branding, service promotion, compliance obligations, cybersecurity responsibilities, customer support services, and operational continuity.

Under the arrangement, the Bank retains the right to engage other technology platform providers on a Non-exclusive basis, while Ebirr may similarly partner with other financial institutions, subject to agreed operational restrictions.

The agreement also contains provisions relating to:

- Technology ownership and intellectual property rights;
- Data confidentiality and customer protection;
- Business continuity and operational resilience;
- Disaster recovery and support services;
- Anti-money laundering (AML) and regulatory compliance obligations;
- Service continuity during termination or migration periods;
- Indemnification, liability limitations, and dispute resolution mechanisms.

The Bank considers the agreement material due to its strategic importance to digital banking operations, mobile financial service delivery, agent banking expansion, and the Bank's broader financial inclusion and digital transformation initiatives.

4) Supply of Hitachi Cash Recycling Machines (CRMs)

The Bank signed an agreement with SYBYL Limited for the supply of Hitachi Cash Recycling Machines aimed at expanding automated banking services and improving self-service transaction capabilities nationwide.

Table 64: Agreement Detail Cash Recycling Machine

Item	Details
Supplier	SYBYL Limited
Manufacturer	Hitachi Channel Solutions Corp
Contract Date	26 December 2024
Contract Value	USD 3,535,400
Delivery Period	Three months from LC opening

5) Backup Infrastructure Solutions and Support Services

The Bank entered into an agreement with IPCOM Technologies Trading for the supply, deployment, and commissioning of backup infrastructure solutions and support services to strengthen business continuity and disaster recovery capabilities.

Table 65: Agreement Detail backup Infrastructure

Item	Details
Vendor	IPCOM Technologies Trading
Contract Value	ETB 163,661,352
Contract Date	07 October 2024
Delivery Timeline	90 days from LC approval
Warranty	3 Years

6) D-DCN Implementation and Commissioning

The Bank engaged IPCOM Technologies Trading for implementation and commissioning of SD-DCN infrastructure within the Bank's primary data center colocation environment.

Table 66: Agreement Detail D-DCN Implementation

Item	Details
Vendor	IPCOM Technologies Trading
Contract Value	ETB 154,152,827
Contract Date	07 October 2024
Warranty	years after installation

7) Nutanix HCI Software Subscription and Support Renewal

The Bank renewed enterprise infrastructure software subscriptions and technical support arrangements as part of its data center modernization and virtualization strategy.

Table 67: Agreement Detail Software Subscription and Support Renewal

Item	Details
Vendor	IPCOM Technologies Trading
Contract Value	ETB 114,794,819
Contract Date	28 August 2024
Nature	Annual subscription renewal

8) CRM Maintenance Agreement

The Bank maintains an annual service and maintenance agreement for Hitachi CRM machines with SYBYL Limited to ensure operational continuity and service reliability across the automated banking network.

Table 68: Agreement Detail CRM Maintenance

Item	Details
Service Provider	SYBYL Limited
Contract Start	01 February 2024
Fee Structure	USD 1,800 per CRM machine
Contract Type	Annual Maintenance Agreement

9) OFSAA Modules Implementation Agreement

The Bank entered into a Master Service Agreement with JMR Infotech Middle East FZC for implementation of Oracle Financial Services Analytical Applications (OFSAA) modules supporting risk management, analytics, regulatory reporting, and enterprise financial management capabilities.

Table 69: Agreement detail OFSAA Modules Implementation

Item	Details
Service Provider	JMR Infotech Middle East FZC
License Fee	USD 750,000
Professional Services Fee	USD 440,000
Agreement Date	29 January 2025
Contract Duration	5 Years

Table 70: Summary of Material Contracts

Material Contract	Counterparty	Contract Start Date	Contract Expiry / Completion Date	Contract Value	Amount Paid	Outstanding Amount	% of Completion
Construction of Adama District Office Building	Samket Engineering & Construction	2-Dec-24	1,195 calendar days after the start date of contract commencement	ETB 3,017,983,923.00	ETB 324,380,756.28	ETB 2,693,603,166.72	On progress
Digital Lending Platform (Platform as a Service)	Kifiya Financial Technology PLC	24-Jun-23	Seven (7) Years after the start date of contracts	Revenue Sharing Arrangement (70% Coopbank / 30% Kifiya)	NA	0	On progress
Mobile and Agent Banking Technology Platform	Ebirr Mobile Financial Service PLC	27-May-24	Five (5) Years (Automatic renewal every two years unless terminated)	Revenue Sharing Arrangement (No Upfront Fee)	NA	0	On progress
Supply of Hitachi Cash Recycling Machines (CRMs)	SYBYL Limited	26-Dec-24	Three months from Letter of Credit (LC) opening	USD 3,535,400	USD 3,535,400	0	100%
Backup Infrastructure Solution and Support Services	IPCOM Technologies Trading	7-Oct-24	90 days from LC approval	ETB 163,661,352	ETB 163,661,352	0	100%
SD-DCN Implementation and Commissioning	IPCOM Technologies Trading	7-Oct-24	Completion in accordance with implementation schedule	ETB 154,152,827	ETB 154,152,827	0	100%
Nutanix HCI Software Subscription and Support Renewal	IPCOM Technologies Trading	28-Aug-24	Annual Subscription Renewal	ETB 114,794,819	ETB 114,794,819	0	100%
CRM Maintenance Agreement	SYBYL Limited	1-Feb-24	Annual Maintenance Agreement (Current Term: 31 Jan 2026)	USD 1,800 per CRM machine	USD 262,800	0	On progress
Oracle Financial Services Analytical Applications (OFSAA) Modules Implementation	JMR Infotech Middle East FZC	29-Jan-25	Five (5) Years	License Fee: USD 750,000 Professional Services: USD 440,000 (Total USD 1,190,000)	USD 1,058,000	USD 132,000	On progress
T24 Core Banking (Temenos)	Temenos Headquarters SA	*25* November *2025*	For 5 years	License fee of USD 6.65 million	Post paid	To be paid after Dec. 2026	License Renewed

The Bank's material contracts demonstrate a strong strategic emphasis on technology modernization, infrastructure expansion, operational resilience, and digital banking transformation. The concentration of technology-related contracts reflects the Bank's transition toward automation, digital service delivery, cybersecurity enhancement, and enterprise infrastructure modernization.

For the construction of the Adama District Office building, the amount paid to date is ETB 324,380,756.28 against the contract value of ETB 3,017,983,923.00, leaving an outstanding balance of ETB 2,693,603,166.72, consistent with Table 59. The outstanding balance is a capital commitment for the Bank's own premises; it is not a credit exposure, does not require a capital reserve under the NBE capital adequacy directive and is not included in the computation of the Bank's regulatory capital requirement.

2.10.3 Contractual agreements with Interested parties

As at the reporting date, there were no material contractual arrangements entered into with interested persons, directors, related shareholders, or connected parties outside the ordinary course of business. All procurement and contractual arrangements are conducted in accordance with internal procurement procedures, governance policies, and applicable regulatory requirements.

SECTION THREE

3 FINANCIAL STATEMENTS AND INFORMATION

3.1 Financial Information

This section presents the financial information of Cooperative Bank of Oromia S.C. ("Coopbank" or "the Bank") included in this Prospectus, including historical financial information, significant financial developments, and other relevant disclosures required for investors' assessment of the Bank's financial position and performance.

The financial information presented in this section has been prepared based on the Bank's audited financial statements. The financial statements included in this Prospectus comprise:

- Audited annual financial statements for the years ended 30 June 2023, 30 June 2024, 30 June 2025 and 30 June 2026.

The audited financial statements, including the related notes and independent auditor's reports, are included in the Accompanying documents of this Prospectus.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), National standards and directives of AABE and applicable regulatory requirements issued by the National Bank of Ethiopia (NBE).

The preparation of financial statements requires management to apply accounting judgments, estimates, and assumptions that affect reported amounts of assets, liabilities, income, expenses, and related disclosures. Significant areas involving management judgment include impairment assessment of financial assets, valuation of investments, provisions, fair value measurements, and other estimates disclosed in the notes to the financial statements.

The Bank's annual financial statements for the years ended 30 June 2023, 30 June 2024, 30 June 2025 and 30 June 2026 were audited by independent external auditors in accordance with International Standards on Auditing (ISAs).

The auditors issued unqualified audit opinions for all statements of four financial years used in this prospectus. Unaudited financial statements are not used in this prospectus; operational data as at 30 September 2026 (such as the NPL ratio of 4.79%) are unaudited and are identified as such where presented.

3.2 Profit Forecast / Estimates

No profit forecast is included in this Prospectus. Projected income from fixed-income investments (Table 55), projected liquidity, cash flows and capital adequacy (Section 7.6, Table 112A) and projected capital adequacy ratios under the Rights Offer subscription scenarios (Section 7.8, Table 115A) are presented on the assumptions stated in those sections.

Accordingly, investors should base their assessment of the Bank's financial position and performance on the historical financial information and other disclosures contained in this Prospectus.

3.3 Significant Changes and Off-Balance Sheet Items

a) **Significant Changes After 30 June 2026**

Except for the resignation of the Chief Financial Officer on 16 October 2026, the approval by the General Assembly on 17 October 2026 of a FY2026 dividend of ETB 3,351,196 thousand, which shareholders may take in cash or apply to subscribe for Offer Shares in this Rights Offer (Section 2.1.5), and the decline in the NPL ratio to 4.79% as at 30 September 2026 (unaudited), the Bank confirms that, from 30 June 2026 up to

the date of this Prospectus, there have been no material changes that have significantly affected the Bank's financial position; profitability; liquidity position; capital adequacy; operational performance; or risk profile.

The Bank continues to operate in accordance with its approved business strategy, regulatory requirements, and risk management framework.

b) **Off-Balance Sheet Items**

The Bank maintains off-balance sheet exposures arising from normal banking activities, including:

- Financial guarantees;
- Letters of credit;
- Undrawn loan commitments; and
- Other contingent liabilities.

These exposures represent potential future obligations and are disclosed in accordance with IFRS requirements.

The following table summarizes the Bank's off-balance sheet exposures:

Table 71: Off-Balance Sheet Exposures, Legal Claims and Contingent Assets (ETB '000)

Description	30 June 2023	30 June 2024	30 June 2025	30 June 2026
Guarantees issued	512,398	763,118	663,761	794,608
Letters of Credit	139,180	98,392	8,832,085	6,334,231
Total Guarantees and Letters of Credit	651,578	861,510	9,495,846	7,128,839
Undrawn Loan Commitments	6,757,000	3,212,000	617,620	970,041
Maximum potential exposure to legal claims (Note 35a)	n/a	n/a	816,800	344,100
Provision for legal claims (Note 35a)	n/a	n/a	62,400	11,000
Contingent assets: maximum amount expected from cases instituted by the Bank, not recognised (Note 35b)	80,030	102,400	92,600	302,900

The detailed disclosures relating to off-balance sheet exposures are provided in Notes 35c and 36 – Guarantees and Letters of Credit, and Commitments, disclosure sections of the audited financial statements provided in the accompanying documents. The maximum potential exposure to legal claims, the related provision and the contingent assets are as disclosed in Notes 35a and 35b of the audited financial statements for the year ended 30 June 2026, and, for 30 June 2023 and 30 June 2024, the contingent assets are as previously reported (Table 123); n/a indicates that the amount is not available. In addition, ETB 2,693,603 thousand remained to be paid under the Adama District Office building contract (Table 70).

The Bank does not maintain off-balance sheet structures outside the ordinary course of banking operations.

3.4 Pro Forma Financial Information

This Prospectus does not include pro forma financial information.

No material acquisition, merger, disposal, or restructuring transaction has occurred that requires preparation of pro forma financial statements.

3.5 Special Valuation Reports

The Bank has not prepared any special valuation report specifically for the purposes of this Prospectus.

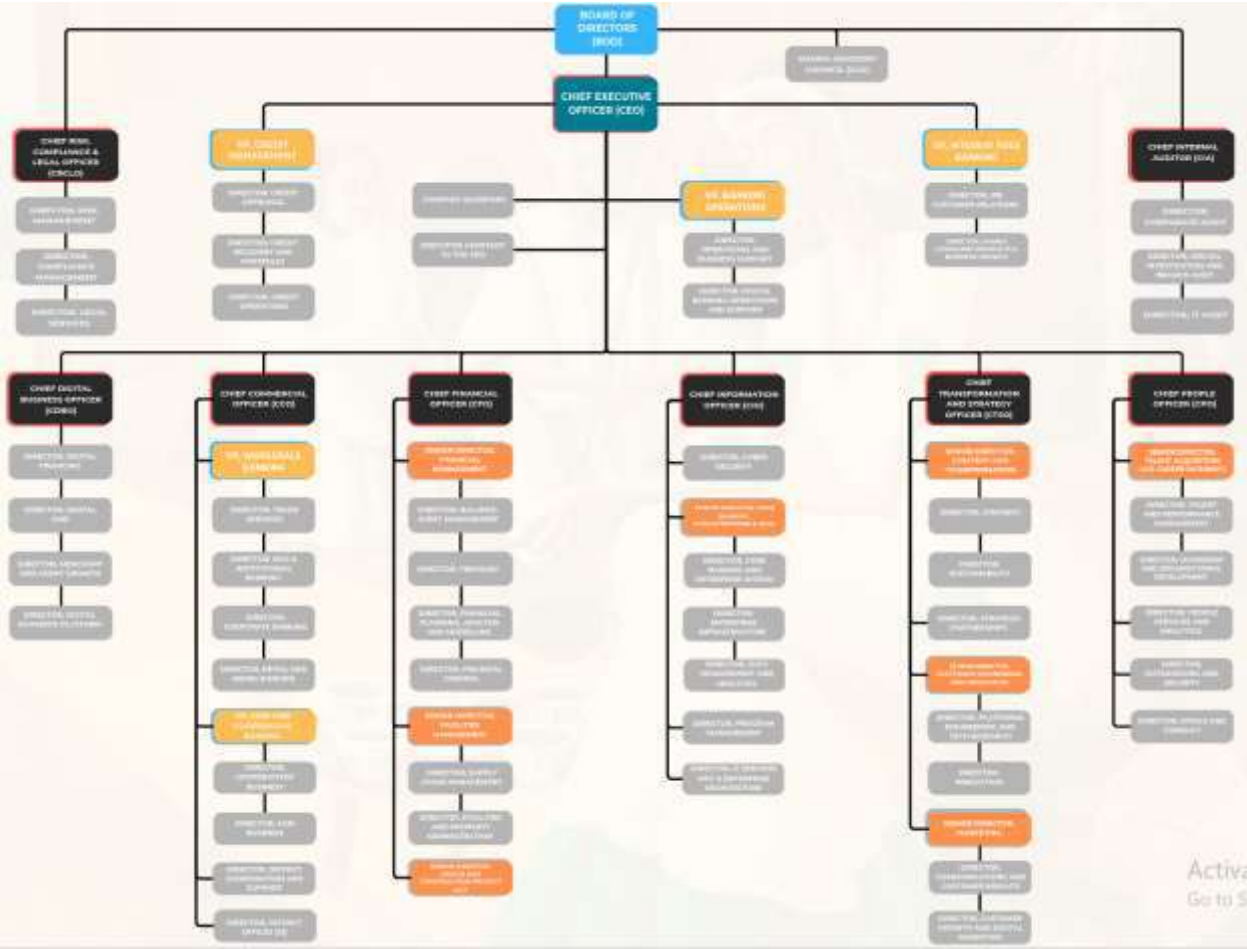
SECTION FOUR

4 GOVERNANCE AND MANAGEMENT

4.1 Corporate Governance

The corporate governance framework of Cooperative Bank of Oromia is anchored on Directive No. SBB/91/2024 issued by the National Bank of Ethiopia and the provisions of the Commercial Code. The framework is built on the principles of transparency, accountability, fairness, responsibility, and ethical leadership, ensuring balanced consideration of the interests of shareholders, customers, employees, regulators, and affected communities. Below is an organizational chart of Cooperative Bank of Oromia.

Figure 14: Organizational chart



The Bank's Corporate Governance Charter establishes the organizational structure, delineates the roles and responsibilities of the Board of Directors and senior management, and sets out accountability mechanisms designed to safeguard the interests of shareholders, depositors, and broader stakeholders while promoting sound business practices conducive to long-term value creation and institutional sustainability. The Board is supported by four standing committees, the Audit Committee, the Risk Management and Compliance Committee, the Nomination and Remuneration Committee, and the Credit Committee, each operating under a formal charter that ensures effective and focused oversight of their respective mandates. Underpinning this governance structure is a model that integrates sustainability, ethical conduct, and a strong risk culture, enabling the Bank to pursue balanced risk-taking while remaining responsive to regulatory expectations and the broader interests of society.

4.1.1 Code of Conduct and Ethics

The Bank maintains a formally approved Code of Conduct and Ethics applicable to the Board of Directors, management, and employees. The Code establishes binding standards relating to integrity, professionalism, confidentiality, conflict of interest management, anti-bribery and corruption, prevention of insider trading, proper use of Bank assets, and accurate financial reporting.

Compliance with the Code is mandatory. Oversight responsibility lies with the Board, while implementation is executed through senior management, the Compliance function, and Internal Audit. Violations are subject to disciplinary and legal measures in accordance with applicable laws and internal policies.

4.1.2 Risk Management Arrangements

The Bank applies a Board-approved Enterprise Risk Management (ERM) framework based on the "Three Lines of Defense" model:

- First line: Business units responsible for day-to-day risk management
- Second line: Risk, Compliance, and Legal functions providing oversight
- Third line: Internal Audit providing independent assurance

The Board Risk Management and Compliance Committee defines risk appetite, approves risk policies, and monitors exposure across credit, market, liquidity, operational, cyber, and ESG risks. Risk management processes include stress testing, scenario analysis, and continuous monitoring systems.

4.1.3 Stakeholder Management Practices

The Bank engages stakeholders through structured mechanisms:

Shareholders:

- Annual General Meetings (AGMs)
- Financial disclosures and Prospectuses
- Capital and dividend-related communications
- Extraordinary shareholder meetings where required

Employees:

- Internal communication platforms and circulars
- Performance management and appraisal systems
- Training and capacity-building programs
- Employee representation through structured HR engagement mechanisms
- Employee share ownership and incentive schemes

Affected Communities:

- Environmental and Social Risk Management (ESRM) screening in lending
- Community grievance handling mechanisms through branch networks
- Community consultation during project financing (where applicable)
- Corporate Social Responsibility (CSR) and development initiatives including education, environmental conservation, and financial inclusion programs

4.1.4 Environmental, Social, and Governance (ESG)

The Cooperative Bank of Oromia remains steadfastly committed to fostering a sustainable, greener future by integrating robust environmental stewardship into its core operational and investment frameworks. Recognizing the critical intersection between finance and environmental conservation, the Bank strategically directs capital toward renewable energy infrastructure to accelerate the transition to a low-carbon economy. Internally, the Bank actively promotes eco-friendly operations, optimizing resource efficiency and minimizing its ecological footprint across its entire corporate network. Beyond financial and operational engineering, the Bank spearheads impactful civic engagements, organizing large-scale tree-planting campaigns and nationwide environmental conservation initiatives. Through these synchronized corporate and community actions, Cooperative Bank of Oromia actively drives environmental preservation, builds climate resilience, and champions sustainable ecosystem development across the country.

4.1.5 Internal Control Environment of the Issuer

Cooperative Bank of Oromia maintains a robust internal control system that underpins all financial, operational, compliance, and governance processes, ensuring institutional resilience against risks, irregularities, and regulatory breaches. The Bank's Internal Audit function, which reports directly to the Board Audit Committee, independently evaluates the effectiveness of internal controls, assesses adherence to the Bank's policies and procedures, and provides objective assurance on the integrity of the Bank's operations. Audit plans are risk-based and subject to quarterly review, enabling the Bank to identify control weaknesses and implement timely corrective measures. The control framework is specifically designed to detect and prevent errors, fraud, and mismanagement across all business units and branches of the Bank, and is reinforced by comprehensive documentation standards and continuous staff training and awareness programmes. Open and structured communication among the Internal Audit function, senior management, external auditors, and the National Bank of Ethiopia ensures that the Bank's control environment remains transparent, responsive, and fully accountable to all relevant oversight authorities and stakeholders.

4.1.6 Future Changes in Governance Structure

As of the date of this Prospectus, the Bank confirms that:

- No approved changes are anticipated in the composition of the Board of Directors within the next twelve (12) months.
- No changes are planned to Board committee structure or executive leadership structure within the same period, other than the resignation of the Chief Financial Officer described below.

The Chief Financial Officer, Obbo Muluneh Aboye, resigned with effect from 16 October 2026. The Senior Director of Financial Management, Obbo Tilahun Tesfaye, has been assigned by the Bank’s management to approve this Updated Prospectus (Section 11).

4.2 Board of Directors’ and Managements’ Profile

4.2.1 Profiles of Board Directors

Cooperative Bank of Oromia is governed by a Board of ten Directors whose positions, academic qualifications, key skills, and professional experiences are detailed in the table below.

Table 72: Current Board of Directors' Profiles

S. No.	Full Legal Name	Position	Nationality	Date Appointed	Current Term Expires	Current Service	Academic Qualification	Professional Experience (Previous Five Years/Current)
1	**Meskerem Debebe W/Mariam**	Chairperson	Ethiopian	28 December 2024	27 December 2027	Since 28 December 2024	MBA (Lead Star College of Management and Leadership); BA in Accounting (Addis Ababa University)	**2024–Present:** State Minister, Ministry of Revenue. Provides strategic leadership in revenue administration, fiscal policy implementation, public finance management and institutional governance. Previously held senior leadership positions in revenue administration and public financial management.
2	**Abinet Tarekegn Gurmu**	Deputy Chairperson	Ethiopian	28 December 2024	27 December 2027	Since 28 December 2024	MSc in Development Economics; MA in Cooperative Management; BSc in Rural Development and Agricultural Extension	**2021–Present:** General Manager, Oromia Agricultural Cooperative Federation (OACF). Leads cooperative development, agricultural value chain financing, international partnership programmes and cooperative governance.
3	**Dr. Fikru Deksisa Sadesso**	Director	Ethiopian	5 December 2018 (Re-elected 28 December 2024)	27 December 2027	since 28 December 2024	PhD in Agriculture; MSc in Forestry (Voronezh Institute of Forestry, Russian Federation)	**2021–Present:** Senior Economic Analyst, Embassy of the United Arab Emirates to Ethiopia. Provides economic policy analysis, investment advisory, diplomatic economic cooperation and agricultural development expertise.
4	**Deribie Asfaw Hurissa**	Director	Ethiopian	28 December 2024	27 December 2027	Since 28 December 2024	MBA in International Business; BA in Economics	**October 2024–Present: Chief Executive Officer, Cooperative Bank of Oromia; December 2015–September 2024: President, Cooperative Bank of Oromia. Previously served** as Vice President, Customer Accounts and Transaction Services, Commercial Bank of Ethiopia, with extensive executive leadership experience in banking operations, digital banking and strategic management.
5	**Meseret Assefa Godana**	Director	Ethiopian	28 December 2024	27 December 2027	Since 28 December 2024	MA in Project Management (Rift Valley University); BA in Management (Haramaya University)	**2021–Present:** Head, Oromia Land Administration and Use Bureau. Leads land administration reforms, public sector governance, institutional development and project management initiatives.
6	**Jemal Kedir Gelgelu**	Director	Ethiopian	28 December 2024	27 December 2027	Since 28 December 2024	MSc in International Trade and Economics; MA in Leadership and Change Management	**2021–Present:** Head, Oromia Cooperative Promotion Agency (OCPA). Oversees cooperative sector development, policy implementation, institutional transformation and regional cooperative governance.
7	**Tegistu Shiferaw Tadesse**	Director	Ethiopian	28 December 2024	27 December 2027	Since 28 December 2024	BA in Business Administration and Information Systems (Addis Ababa University)	**2021–Present:** Chief Executive Officer, Oromia Insurance Company S.C. Responsible for insurance operations, corporate strategy, underwriting, risk management and business expansion.
8	**Dr. Yeshi Jima Tafa**	Independent Director	Ethiopian	28 December 2024	27 December 2027	Since 28 December 2024	PhD in Development Studies; MA in Development Studies	**2021–Present:** Head, Oromia Trade Bureau. Oversees regional trade policy implementation, public finance management, market regulation and institutional administration. Previously served in academia as lecturer and researcher in development studies.
9	**Assefa Sumoro G/Mariam**	Independent Director	British	28 December 2024	27 December 2027	Since 28 December 2024	MSc in Finance and Development (University of London); MA in Development Economics (Institute of Social Studies, Erasmus University Rotterdam)	**2023–Present:** Senior Capital Market Advisor, Ethiopian Capital Market Authority. Previously held investment banking and financial advisory positions with international financial institutions, including JPMorgan Chase and HSBC, specializing in capital markets, investment banking and financial regulation.

S. No.	Full Legal Name	Position	Nationality	Date Appointed	Current Term Expires	Current Service	Academic Qualification	Professional Experience (Previous Five Years/Current)
10	**Dejene Dadi Dika**	Director	Ethiopian	28 December 2024	27 December 2027	Since 28 December 2024	MBA; MSc in International Trade and Economics	**2021–Present:** General Manager, Oromia Coffee Farmers Cooperative Union. Leads cooperative business development, export trade, value chain management and institutional governance within the agricultural sector.

In accordance with the National Bank of Ethiopia Corporate Governance Directive and the Bank's Articles of Association, Directors are elected for a three-year term and are eligible for re-election subject to applicable legal and regulatory requirements. The current Board members were elected by the General Assembly on 28 December 2024, except Dr. Fikru Deksisa Sadesso, who was initially appointed on 5 December 2018 and subsequently re-elected by the General Assembly on 28 December 2024 for a new three-year term ending on 27 December 2027. The current members have served on the Board since 28 December 2024; 25 March 2025 is the date of their appointment to their current roles.

Table 73: Former Board of Directors' Profiles

No.	Name	Institutions represented	Position
1	Dr. Fikru Deksisa Sadesso	-	Chairperson
2	Fikadu Degasa	-	Deputy Chairperson
3	Amb. Girma Temesgen	Tumesa Development Group	Director
4	Ararsa Regassa	Oromia Forest and Wildlife Enterprise	Director
5	Kebede Ejeta Debela	-	Director
6	Eshetu Wakene Benti	-	Director
7	Wegayehu Tsige	Abdi Gudina Adama Saving and Credit Union	Director
8	Debelo Jebesa	Gibe Dedesa Farmers Union	Director
9	Terefe Senbaba	Woltane Ambo Saving and Credit Union	Director
10	Tadele Abdi	Lume Adama Farmers Union	Director
11	Muktar Adem	Uta Wayu Multipurpose Farmers'	Director

4.2.2 Legal and Insolvency Background Checks

The Bank confirms that comprehensive background checks covering both domestic and international jurisdictions have been conducted for all members of the Board and Executive Management.

The Bank further confirms that:

- None of the Directors or Executive Management has been subject to bankruptcy or insolvency proceedings.
- None has been convicted of fraud, dishonesty, or financial misconduct.
- None is subject to any court or regulatory order restricting their participation in financial institutions or capital markets.

4.2.3 Profiles of Executive Management Team

This section presents the profiles of the Executive Management Team of Cooperative Bank of Oromia S.C., detailing their current positions, tenure in role, academic qualifications, and prior professional experience.

Table 74: Executive Management Profiles

No.	Name	Current Position	Nationality	Education	Recent Professional Experience (Last Five Years)
1	**Deribie Asfaw Hurissa**	Chief Executive Officer	Ethiopian	MBA (International Business), Greenwich University; BA in Economics, Addis Ababa University	Oct 2024–Present: Chief Executive Officer, Cooperative Bank of Oromia. Dec 2015–Sep 2024: President, Cooperative Bank of Oromia.
2	**Desalegn Tadesse Beyene**	Chief Risk, Compliance and Legal Officer	Ethiopian	MA in Business Administration; BA in Management; BA in Statistics	Oct 2024–Present: Chief Risk, Compliance and Legal Officer, Coopbank. Dec 2023–Sep 2024: Chief Risk and Compliance Management Officer. Jan 2022–Dec 2023: Vice President – Retail & MSME Banking. Jul 2018–Dec 2021: Vice President – Retail & SME Banking.
3	**Aman Semir Ahmed**	Chief Transformation and Strategy Officer	Ethiopian	MSc Information Science; BSc Management Information Systems	Oct 2024–Present: Chief Transformation and Strategy Officer, Coopbank. Jan 2022–Sep 2024: Vice President – Technologies and Digital Banking. Mar 2016–Dec 2021: Vice President – Information Systems.
4	**Tafesse Fana Biru**	Chief Internal Auditor	Ethiopian	MBA; BA in Management; LLB	Jul 2016–Present: Chief Internal Auditor, Coopbank. Jan 2016–Jun 2016: Director – Internal Audit Process. Apr 2015–Dec 2015: Acting Director – Internal Audit Process.
5	**Tadele Tilahun Emana**	Chief People Officer	Ethiopian	MA Public Management & Policy; BA Economics	Oct 2024–Present: Chief People Officer. May 2022–Sep 2024: Vice President – Strategy and Marketing. Jun 2020–May 2022: Senior Director – Strategy and Change Management. Apr 2018–May 2020: Director – Strategy and Change Management.
6	**Muluneh Aboye Tolesa**	Chief Financial Officer (resigned 16 October 2026)	Ethiopian	MBA; BA Finance & Development Economics	Oct 2024–16 Oct 2026: Chief Financial Officer (resigned 16 October 2026). Dec 2023–Sep 2024: Vice President – Banking Operations. Mar 2022–Dec 2023: Chief Risk and Compliance Management Officer. Aug 2020–Mar 2022: Vice President – Risk and Compliance, Commercial Bank of Ethiopia.
7	**Shimelis Legesse Wosseni e**	Chief Information Officer	Ethiopian	MSc Computer Science; BA Management; BSc Statistics	Oct 2024–Present: Chief Information Officer, Coopbank. Dec 2022–Sep 2024: Vice President – Information Systems, Coopbank. Jan 2019–Oct 2022: Chief Information Officer, Dashen Bank. Sep 2017–Dec 2018: Vice President – Information Systems & E-Banking Services, Dashen Bank.
8	**Abdi Fekede Berkessa**	Acting Chief Operating Officer (until 20 June 2026)	Ethiopian	MA Human Resource Management; BA Hotel & Tourism Management	Oct 2024–20 June 2026: Acting Chief Operating Officer, Coopbank. Jan 2024–Sep 2024: Senior Director – Digital Financial Services. Feb 2022–Jan 2024: Director – Digital Products and Services. Jul 2021–Jan 2022: Director – MSME Banking. Oct 2018–Jun 2021: Principal Credit Analyst.

No.	Name	Current Position	Nationality	Education	Recent Professional Experience (Last Five Years)
9	Nebil Abdella	Chief Digital Business Officer	Ethiopian	Master's Degree in Marketing Management, Addis Ababa University; Bachelor of Arts in Business Administration and Information Systems, Addis Ababa University	July 2026–Present: Chief Digital Business Officer, Cooperative Bank of Oromia. September 2024–June 2026: Vice President – Interest-Free Banking, Cooperative Bank of Oromia. May 2024–September 2024: Director – Digital Payments, Cooperative Bank of Oromia. February 2022–May 2024: Director – Branch Alternatives, Cooperative Bank of Oromia. January 2021–March 2022: Manager – Digital Banking, Commercial Bank of Ethiopia. July 2019–November 2020: Manager – Development Partners' Relationship Management, Commercial Bank of Ethiopia. May 2018–July 2019: Manager – Business Continuity and Disaster Recovery Management, Commercial Bank of Ethiopia. May 2017–May 2018: Team Leader – Compliance and Quality Assurance, Commercial Bank of Ethiopia. April 2015–May 2017: Customers' Account and Transaction Services (CATS) Operation Officer, Commercial Bank of Ethiopia.
10	Tilahun Tesfaye	Senior Director, Financial Management (assigned to approve this Updated Prospectus from 16 October 2026)	Ethiopian	Master’s degree in Business Administration, Jimma University; BA degree in Management, Haramaya University	Jul 2026–Present: Senior Director, Financial Management, Cooperative Bank of Oromia. Oct 2022–Jun 2026: Director, Enterprise Risk Management, Cooperative Bank of Oromia. Oct 2020–Oct 2022: Manager – Liquidity and Market Risk Management, Commercial Bank of Ethiopia. May 2018–Oct 2020: Manager – Liquidity Risk Management, Commercial Bank of Ethiopia. Feb 2013–Dec 2017: Risk Expert, Commercial Bank of Ethiopia. Nov 2012–Dec 2013: Postgraduate Management Trainee, Commercial Bank of Ethiopia. Jul 2010–Nov 2012: Lecturer – Business Management, Ambo University. Sep 2009–Jun 2010: Assistant Lecturer, Jimma University. Sep 2005–Feb 2008: Assistant Lecturer, Ambo University.

There are no existing or proposed service contracts between any member of the Board of Directors and the Cooperative Bank of Oromia or any of its subsidiaries providing for benefits upon termination of employment. Furthermore, there are no family relationships among the directors or senior management of the Bank, nor are there any planned or expected changes to the Chief Executive or other senior executive positions for the twelve (12) months following the issue or listing of the security. The only exception is the resignation of the Chief Financial Officer, Obbo Muluneh Aboye, on 16 October 2026, following which the Senior Director of Financial Management, Obbo Tilahun Tesfaye, has been assigned to approve this Updated Prospectus. In addition, Obbo Abdi Fekede Berkessa served as Acting Chief Operating Officer from October 2024 until 20 June 2026.

There were no interests of directors in transactions that are or were unusual in their nature or conditions or significant to the business of the Company, and that were effected by the Company during the current or immediately preceding financial year, or an earlier financial year, and remain in any respect outstanding or unperformed. The Company has developed a corporate governance framework compliant with the Corporate Governance Directive and the Commercial Code. In line with this, the Company has established several Board committees to effectively manage its governance responsibilities. These include the audit committee, risk and compliance management committee, nomination and remuneration committee, and credit committee.

4.3 Board Committees and Practices

The Board of Directors has established standing Board committees with formally approved Terms of Reference (TORs) in accordance with the National Bank of Ethiopia (NBE) Corporate Governance Directive No. SBB/91/2024. These committees support the Board in discharging its oversight responsibilities relating to financial reporting, risk management, credit oversight, regulatory compliance, internal control, and corporate governance. Committee meetings are held regularly, minutes are maintained, and recommendations are submitted to the Board for consideration and decision.

4.3.1 Audit Committee

The Audit Committee assists the Board in overseeing the integrity of the Bank's financial reporting, the effectiveness of internal control systems, the internal and external audit functions, and compliance with applicable legal and regulatory requirements. The Committee meets at least quarterly and reports directly to the Board.

Compliance with NBE Directive No. SBB/91/2024

The Bank confirms that the composition of the Audit Committee complies with the requirements of National Bank of Ethiopia Directive No. SBB/91/2024. The Committee is chaired by Mr. Dejene Dadi, a non-independent director, and includes one independent director, Dr. Yeshi Jima (Table 75).

The principal responsibilities of the Committee include:

- Reviewing the integrity of the Bank's financial statements and financial reporting process;
- Overseeing the effectiveness of the Bank's internal control framework;
- Supervising the performance and independence of the internal and external audit functions;
- Recommending the appointment, remuneration, reappointment, or removal of the external auditor;
- Monitoring the implementation of audit recommendations and corrective actions; and
- Reviewing compliance with applicable laws, regulations, and accounting standards.

Table 75: Audit Committee Members

No.	Name	Designation	Independent Director
1	Mr. Dejene Dadi	Chairperson	No
2	Ms. Meskerem Debebe	Member	No
3	Dr. Yeshi Jima	Member	Yes

4.3.2 Risk Management and Compliance Committee

The Risk Management and Compliance Committee assists the Board in overseeing the Bank's enterprise risk management framework, regulatory compliance, capital adequacy, and overall risk governance. The Committee meets regularly and reports directly to the Board.

Compliance with NBE Directive No. SBB/91/2024

The Risk Management and Compliance Committee is chaired by Mr. Tegistu Shiferaw, a non-independent director, and includes one independent director, Mr. Assefa Sumoro (Table 76).

Its principal responsibilities include:

- Reviewing and recommending the Bank's risk appetite framework;
- Monitoring credit, market, liquidity, operational, legal, strategic, and other material risks;
- Overseeing compliance with applicable laws, regulations, and National Bank of Ethiopia directives;
- Reviewing stress-testing results and enterprise risk reports;
- Monitoring capital adequacy and liquidity management; and
- Reporting significant risk and compliance matters to the Board.

Table 76: Risk and Compliance Committee members

No.	Name	Designation	Independent Director
1	Mr. Tegistu Shiferaw	Chairperson	No
2	Mr. Assefa Sumoro	Member	Yes
3	Mr. Deribie Asfaw	Member	No

4.3.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board of Directors in ensuring that the Bank maintains an effective governance framework for the appointment, remuneration, and succession of directors and senior management. The Committee seeks to align executive compensation and incentive structures with the Bank's strategic objectives, risk appetite, and long-term sustainability. It is responsible for overseeing Board and senior management appointments, reviewing and recommending remuneration policies, evaluating executive compensation, and ensuring that appropriate succession planning arrangements are in place for key leadership positions to support business continuity and organizational stability.

During the reporting period, the Committee comprised Dr. Fikru Deksisa (Chairperson), Ms. Meseret Assefa (Member), Mr. Tegistu Shiferaw (Member), and Mr. Jemal Kedir (Member).

4.3.4 Credit Committee

The Credit Committee supports the Board of Directors by providing oversight of the Bank's credit governance framework and ensuring that lending activities are conducted in accordance with approved credit policies, prudent banking practices, and applicable regulatory requirements. The Committee reviews and approves credit exposures within its delegated authority, monitors the quality and performance of the loan portfolio,

oversees trends in non-performing loans, and ensures that the Bank maintains effective credit risk management practices. Through its oversight responsibilities, the Committee contributes to preserving the quality of the Bank's assets, promoting prudent lending decisions, and maintaining compliance with the regulatory framework.

During the reporting period, the Committee consisted of Mr. Assefa Sumoro (Chairperson), Mr. Abinet Tarekegn (Member), Mr. Deribie Asfaw (Member), and Dr. Fikru Deksisa (Member).

4.4 Remuneration

4.4.1 Board Remuneration

Board remuneration consists of annual sitting allowance, fixed monthly allowance, transportation allowance, per diem/travel allowance, and any performance-based remuneration approved in accordance with the Bank's remuneration policy and applicable requirements of National Bank of Ethiopia Directive No. SBB/67/2018. Each Board member is entitled to an annual sitting allowance of ETB 150,000, subject to attendance at the regular Board meetings, and a fixed monthly allowance of ETB 10,000, equivalent to ETB 120,000 per annum. Accordingly, the fixed annual remuneration and allowances payable to each Board member amount to ETB 270,000 per annum, excluding transportation and per diem/travel allowances. Transportation allowance and per diem/travel allowance are provided in accordance with the Bank's approved terms when Board members undertake official travel or attend meetings on behalf of the Bank.

Table 77: Board of Directors' Compensation (ETB '000)

	As of June 30,			
BODs Compensation	**FY 2026**	**FY 2025**	**FY 2024**	**FY 2023**
BODs Remuneration	1,449	1,560	1,630	1,491
Transportation Allowance	1,201	1,340	1,452	1,460
Total	2,650	2,900	3,082	2,951

The annual sitting allowance of ETB 150,000 is payable to each Board member based on attendance at regular Board meetings. The fixed monthly allowance of ETB 10,000 is payable to each Board member. Accordingly, the fixed annual amount is ETB 270,000 per Board member. Transportation and per diem/travel allowances are not fixed annual amounts and are payable in accordance with the Bank's approved terms when applicable.

Board of Director's compensation for FY 2026 was ETB 2,650 thousand (FY 2025: ETB 2,900 thousand). There is no known or anticipated change in the payment components, amounts, or any other information that may affect the total Board of Directors compensation for FY 2027.

Board compensation decreased from ETB 2,900 thousand in FY2025 to ETB 2,650 thousand in FY2026, primarily because of the change in the composition of the Board. The current Board of ten members commenced its term in May 2025 following the approval of the National Bank of Ethiopia, replacing the previous eleven-member Board, whose remuneration continued until April 2025. FY2025 remuneration therefore largely reflected payments to the previous, larger Board, whereas FY2026 remuneration reflected the ten-member Board throughout the year.

4.4.2 Executive Management Compensation

This section of the prospectus outlines executive management compensation, designed to attract, retain, and motivate senior leaders while linking rewards to Cooperative Bank of Oromia 's performance and strategic

goals. Compensation packages include a combination of fixed salaries, performance-based incentives, and benefits, promoting accountability, sustained value creation, and alignment with shareholder interests.

Table 78: Executive Management Compensation (ETB).

Name	June 2023	June 2024	June 2025	June 2026
Deribe Asfaw	7,560,000.00	12,175,384.62	12,615,000.00	11,340,000.00
Aman Semir Ahmed	5,306,807.69	7,122,892.31	8,120,416.92	6,405,588.46
Desalegn Tadesse	4,644,684.61	6,167,507.70	7,078,286.92	6,766,246.15
Tafese Fana Biru	4,644,684.61	6,167,507.70	7,078,286.92	6,766,246.15
Muluneh Aboye Tolosa	4,644,684.61	6,167,507.70	7,078,286.92	6,766,246.15
Shimelis Legesse Wossenie	2,879,805.82	6,998,276.93	7,984,486.92	7,566,646.15
Tadele Tilahun Emana	4,644,684.61	6,167,507.70	7,078,286.92	6,766,246.15
Abdi Fekede	N/A	N/A	7,078,286.92	6,766,246.15
Nebil Abdela Ourduna	N/A	N/A	5,732,671.54	6,766,246.15
Total	34,325,351.95	50,966,584.66	69,844,009.98	65,909,711.51

Note: No bonus has been paid for 2026.

For FY2026/27, the Bank expects total compensation of executive management to be up to ETB 65,909,711.51, consistent with the amount paid in FY2025/26, as there have been no changes to basic salaries or other benefits.

The Bank confirms:

- All executive compensation disclosed includes fixed salary and performance-based pay.
- No undisclosed benefits in kind or off-contract compensation exist.

4.5 Promoters

The Bank confirms that there are no promoters who retain any interest in the Bank beyond their capacity as founding members. There are no promoter groups or controlling arrangements associated with promoters that influence governance, ownership, or decision-making.

SECTION FIVE

5 SHARE CAPITAL STRUCTURE

5.1 Capital Structure

This section presents information on the Bank's share capital structure, historical capital development, shareholder composition, dividend policy, and the securities being offered under this Prospectus. The disclosures are prepared in accordance with the Capital Market Proclamation No. 1248/2021, the Public Offer and Trading of Securities Directive 1030/2024, and the applicable directives of the National Bank of Ethiopia.

The Bank has only one class of issued shares, namely ordinary shares, each with a par value of ETB 100. All ordinary shares rank equally with respect to voting rights, dividend entitlement, and participation in the distribution of assets upon liquidation.

The Bank confirms that:

- No portion of the issued share capital has been paid for by any consideration other than cash.
- There are no shares that do not represent paid-up share capital.
- The Bank has only one class of ordinary shares.
- The Bank's ordinary shares are not listed or traded on any licensed securities exchange or over-the-counter market; accordingly, no established market price exists for the shares.
- There are no restrictions on the transferability of ordinary shares.
- There are no outstanding options, warrants, subscription rights or other rights or obligations to acquire any of the Bank’s unissued share capital, other than the preemptive rights of Existing Shareholders to subscribe for the 82,000,000 Offer Shares under this Rights Offer.

As of June 30, 2026, the Bank's authorized share capital amounted to ETB 21.0 billion, while its subscribed and fully paid-up share capital amounted to ETB 12.8 billion, represented by 128,000,000 ordinary shares with a par value of ETB 100 each.

The increase in authorized share capital from ETB 13.0 billion to ETB 21.0 billion was approved by the 12th Extraordinary General Meeting (EGM) held on 15 November 2025 at Abba Gadaa Hall, Adama City. The relevant EGM resolution accompanies this Prospectus.

Following shareholder approval at the Annual General Meeting held on 15 November 2025, ETB 644,938 thousand of dividends was capitalized into ordinary shares and, together with ETB 289,822 thousand of shares paid for in cash, ETB 934,759,600 of new ordinary shares was issued. Upon completion of the capitalization process on November 24, 2025, the Bank's paid-up capital increased to ETB 12.80 billion, which is the amount reflected in this section.

The Bank is undertaking a rights offer under this Prospectus to raise gross proceeds of ETB 8,236,900,000 (ETB 8.20 billion at par plus ETB 36.9 million of share premium) through the issuance of new ordinary shares at an issue price of ETB 100.45 per share, comprising a par value of ETB 100.00 and a share premium of ETB 0.45 per share. The proceeds will be utilized to strengthen the Bank's capital base, support business expansion, finance digital transformation initiatives, enhance lending capacity, and maintain compliance with the National Bank of Ethiopia's minimum capital and capital adequacy requirements.

Assuming full subscription of the rights offer, the Bank's subscribed and paid-up capital will increase from ETB 12.80 billion to ETB 21 billion, while the total number of issued ordinary shares will increase from 128 million shares to 210 million shares. The rights offer remains within the Bank's authorized share capital of ETB 21.0 billion approved by shareholders.

Table 79: Summary of Authorized, Subscribed and Paid-up Capital (FY2023–30 June 2026)

Particulars	30 Jun 2023	30 Jun 2024	30 Jun 2025	As of November 24, 2025	As of the Prospectus date (Prior to Rights Offer)
Authorized Capital (ETB '000)	13,000,000	13,000,000	13,000,000	21,000,000	21,000,000
Subscribed Capital (ETB '000)	12,341,870	12,800,000	12,800,000	12,800,000	12,800,000
Number of shares outstanding	100,160,823	111,607,629	118,652,404	128,000,000	128,000,000
Beginning Paid-up Capital (ETB '000)	7,731,771	10,016,082.3	11,160,762.9	11,865,240.4	12,800,000
Number of Shares issued in the Year	22,843,113	11,446,806	7,044,775	9,347,596	0
Par Value (ETB)	100	100	100	100	100
Proceeds of Share Issue (ETB '000)	2,284,311.3	1,144,680.6	704,477.5	934,759.6	0
Ending Paid-up Capital (ETB '000)	10,016,082.3	11,160,762.9	11,865,240.4	12,800,000	12,800,000
Number of Shareholders	20,781	23,256	23,713	29,601	29,601

Authorized capital remained unchanged at ETB 13.0 billion through June 2025, before increasing by ETB 8.0 billion to ETB 21.0 billion by November 15, 2025. Subscribed capital increased by ETB 458.13 million between FY2023 and FY2024 and remained unchanged thereafter. Paid-up capital increased by ETB 1.145 billion in FY2024, ETB 704.48 million in FY2025, and a further ETB 934.76 million between June and November 24, 2025, reaching the full subscribed capital of ETB 12.8 billion. Subscribed capital includes shares subscribed but not yet paid up; the difference between subscribed and paid-up capital, ETB 1,639.24 million at 30 June 2024 and ETB 934.76 million at 30 June 2025, had been fully paid up by 24 November 2025.

Paid-up shares issued increased by 11.45 million in FY2024, 7.04 million in FY2025, and 9.35 million during the period from 1 July to 24 November 2025. The number of shareholders increased by 2,475 in FY2024, 457 in FY2025, and 5,888 between June 30 and November 24, 2025, reaching 29,601 shareholders by November 24, 2025. The number remained unchanged through June 2026. Between November 24, 2025 and 30 June 2026, all capital and shareholder indicators remained unchanged.

5.2 Shareholding Structure

The Bank maintains a diversified shareholder base comprising cooperatives, individuals, development organizations, public enterprises, private companies, and local government entities. This ownership structure reflects the Bank's cooperative heritage while supporting a broad capital base.

Table 80: Shareholders category on June 30, 2026

Shareholders Categories	Number of Shareholders	Subscription Amount (ETB)	Paid Up Amount (ETB)	No. of paid up Shares	Percentage
Cooperatives and Association	7,272	6,727,995,600	6,727,995,600	67,279,956	52.6%
Individual	22,161	4,922,897,500	4,922,897,500	49,228,975	38.5%
Institutional shareholders (development organizations, public enterprises, private companies and town administrations)	168	1,149,106,900	1,149,106,900	11,491,069	9.0%
Total	**29,601**	**12,800,000,000**	**12,800,000,000**	**128,000,000**	**100%**

As of 30 June 2026, cooperative-based shareholders held approximately 52.6% of the Bank's paid-up capital, while individual shareholders accounted for approximately 38.5%. Institutional shareholders (development organizations, public enterprises, private companies and town administrations) collectively represented the remaining 9.0% of the issued share capital.

The Bank's shareholder base increased from 20,781 shareholders as of 30 June 2023 to 29,601 shareholders as of 30 June 2026, reflecting continued expansion of ownership during the review period.

5.3 Capital Growth Trend Analysis

The Bank recorded steady growth in its capital base throughout the review period through a combination of existing share subscriptions and dividend capitalization.

The Bank also increased its authorized share capital to ETB 13.0 billion based on 9th EOGM meeting held in Adama City, Galma Abba Gadaa Hall, on 26 December, 2020 following regulatory capital requirement and business expansion to face the competition in the banking industry.

Paid-up share capital increased from ETB 10.02 billion as of 30 June 2023 to ETB 11.16 billion as of 30 June 2024, primarily due to additional subscriptions from existing and new shareholders.

During the financial year ended 30 June 2025, paid-up capital further increased to ETB 11.87 billion, reflecting continued capital mobilization from shareholders.

Following shareholder approval at the Annual General Meeting held on 15 November 2025, ETB 644.94 million of dividends was capitalized into ordinary shares and a further ETB 289.82 million was paid for in cash, increasing paid-up capital by ETB 934.76 million to ETB 12.80 billion by 24 November 2025. This strengthened the Bank's regulatory capital while preserving liquidity to support future growth.

The Bank also increased its authorized share capital from ETB 13.0 billion to ETB 21.0 billion following approval by the 12th Extraordinary General Meeting held on 15 November 2025, providing sufficient capacity for future capital raising initiatives, including the current rights offer.

The current rights offer of 82,000,000 new shares (ETB 8.20 billion at par) represents the next phase of the Bank's capital development strategy. Upon full subscription, subscribed and paid-up capital will increase to approximately ETB 21 billion, representing an increase of approximately 64% over the pre-offer capital level. The additional capital will strengthen the Bank's lending capacity, support branch and digital banking expansion, finance technology investments, and ensure continued compliance with the National Bank of Ethiopia's capital adequacy and minimum capital requirements.

5.4 Dividend Policy of the Bank

Coopbank has a formal Share Administration and Dividend Policy approved by the Board of Directors, which governs the division of each year’s earnings between distribution to shareholders and retention within the Bank. That policy operates within the framework set by the Commercial Code of Ethiopia (Proclamation No. 1243/2021), the Banking Business Proclamation and the directives issued under it by the National Bank of Ethiopia, the Federal Income Tax Proclamation and the directive governing the taxation of undistributed profits, and the Bank’s Memorandum and Articles of Association. This Section sets out what each of those instruments requires, and how each has applied to the Bank in practice during the four financial years under review.

5.4.1 Source of Profits from which Dividends may be Declared

Dividends are declared exclusively out of the Bank's annual net profit after tax as reported in its audited financial statements prepared under IFRS. They are not declared out of share premium, out of the fair value reserve arising on the Bank's equity investments measured at fair value through other comprehensive income, out of the regulatory risk reserve, or out of any other reserve. Other comprehensive income (ETB 8,884 thousand in FY2026 and ETB 59,270 thousand in FY2025) is not distributable and does not enter the calculation.

Undistributed profit brought forward is available for distribution in a subsequent year only to the extent that it has not been appropriated to a non-distributable reserve. Where the Bank has accumulated losses, no dividend may be declared until those losses have been fully absorbed by profits. The Bank carried no accumulated losses at any point during the four financial years under review.

5.4.2 Required Allocations to Reserves and the Determination of Distributable Profit

Before any amount is available for distribution, the Bank must complete all required provisioning and reserve transfers: the legal reserve transfer of not less than 25% of net profit; the transfer to the Regulatory Risk Reserve required by NBE Directive No. SBB/90/2024; full provisioning for loan losses and other prudential matters; and absorption of any losses carried forward.

5.4.3 Authority Responsible for Declaring and Approving Dividends

The dividend is proposed by the Board of Directors and declared by the shareholders in general meeting. Neither the Board alone nor management may declare or pay a dividend.

In formulating its recommendation, the Board has regard to the Bank's financial condition, its operating results for the year, its present and projected cash requirements, its planned expansion, any obligations arising under its financing arrangements, and its capital adequacy position. A consideration of particular weight for the Bank is the relationship between paid-up capital and the NBE single-borrower lending limit: because that limit is expressed as a proportion of capital, retention of profit directly increases the maximum exposure the Bank may take to any one customer and therefore its ability to meet the credit demand of its larger corporate borrowers.

The Annual General Meeting has final authority. It may approve the Board's recommendation, approve a lesser amount, or resolve that the whole or any part of the year's net profit be retained within the Bank for capitalisation. The dividends for FY2023, FY2024 and FY2025 were approved by AGM resolution, and the FY2026 dividend by the General Assembly held on 17 October 2026.

5.4.4 Basis and Method of Calculating the Dividend

Dividends are calculated by reference to the weighted paid-up share of each. The method is time-weighted rather than based on a holding at a single record date: a shareholder who paid up shares part-way through the financial year participates only in proportion to the period for which those shares were paid up. The aggregate of these individual entitlements is the dividend declared for the year.

The dividend per share disclosed in this Prospectus is a derived figure, being the total dividend declared divided by the weighted average number of shares outstanding during the year. It is presented so that investors may compare returns across years; it is not the rate at which any particular shareholder is paid, since each shareholder's entitlement depends on the timing of that shareholder's own paid-up contributions. By way of illustration, for the financial year ended 30 June 2025 the Bank declared a dividend of ETB

1,044,291 thousand against a weighted average of 114,664 thousand shares outstanding, giving a dividend per share of ETB 9.1 and a payout ratio of 66.7% of net profit after tax.

For the financial year ended 30 June 2026 the General Assembly held on 17 October 2026 approved a dividend of ETB 3,351,196 thousand against a weighted average of 124,051 thousand shares in issue (Note 28 of the audited financial statements), giving a derived dividend per share of ETB 27.0 and a payout ratio of 54.5% of net profit after tax. The General Assembly resolved that shareholders may take the dividend in cash or apply it to subscribe for Offer Shares in this Rights Offer.

On the same basis, the dividend per share was approximately ETB 14.9 for the financial year ended 30 June 2023 (dividend of ETB 1,295,485 thousand; payout ratio 49.7%) and approximately ETB 7.9 for the financial year ended 30 June 2024 (dividend of ETB 850,085 thousand; payout ratio 52.6%) (Table 81). These two figures are derived by applying the payout ratio to the basic earnings per share reported in the audited financial statements for those years (ETB 30 and ETB 15, Table 99); because basic earnings per share is reported in whole birr, they are approximate. The dividend per share for the last three financial years was therefore approximately ETB 14.9 (FY2023), ETB 7.9 (FY2024) and ETB 9.1 (FY2025), and ETB 27.0 for FY2026.

5.4.5 Shareholders Entitled to Receive the Dividend

A dividend for a financial year is payable to those persons registered as shareholders of the Bank, and whose shares were paid up, during that financial year, in each case to the extent and for the period determined under the time-weighted method described in Section 5.4.4. A person who acquires shares after the close of a financial year does not participate in the dividend declared for that year.

Shares that have not been fully paid up by the shareholder neither accrue nor receive a dividend. Shares held by the Bank itself, if any, are subject to the applicable legal and regulatory restrictions on distributions in respect of such shares.

5.4.6 Manner and Timing of Dividend Payment

A dividend is declared by resolution of the shareholders at the Annual General Meeting for the financial year to which it relates, and is paid in the following financial year. Payment is made in Ethiopian Birr within 60 working days of the date of the AGM resolution declaring the dividend. Payment is made by credit to the shareholder's account with the Bank or by such other means as the Bank specifies.

Amounts that remain unclaimed at the end of the payment period are transferred to a dedicated uncollected dividend payable account maintained by the Bank and remain payable to the shareholder on presentation of a valid claim. Unclaimed amounts do not accrue interest.

Shareholders of Ethiopian origin resident outside Ethiopia receive their dividends in Ethiopian Birr. Those amounts are not repatriable, but may be reinvested in newly issued shares of the Bank. Prospective investors resident outside Ethiopia should have particular regard to this restriction, which is a limitation on the economic return available to them.

5.4.7 Election Between Cash and Capitalisation, and Retention of Profit

Shareholders may elect to receive dividends in cash, net of the applicable 15% dividend income tax, or to capitalize their dividend entitlement into additional shares at par value of ETB 100 per share. Where a shareholder elects partial payment and partial capitalization, the taxable portion (cash) and the non-taxable portion (capitalized) are processed separately. A shareholder whose capitalized entitlement is not an exact multiple of the ETB 100 par value is required to make an additional cash payment to complete the subscription of a whole share; otherwise the fractional amount is retained by the system as a pending credit.

Separately from the individual shareholder election described above, the Annual General Meeting may resolve that the whole or part of the year's net profit be retained within the Bank for capitalisation. Where it does so, retention is effected by one of two routes. Under the mandatory plough-back arrangement, the Bank retains the profit and issues shareholders additional shares of equivalent value in place of cash, preserving the Bank's liquidity while transferring value to shareholders. Alternatively, by way of a rights issue, existing shareholders are offered the opportunity to subscribe for further shares in proportion to their holdings at a stated price, which both permits shareholders to increase their holding and provides the Bank with new capital. The offer described in Section 8 of this Prospectus is an issue of the second kind.

5.4.8 Circumstances in which Dividends may not be Declared or Paid

No dividend may be declared or paid in any of the following circumstances.

- Legal reserve. A minimum of 25% of annual net profit must be transferred to the legal reserve until such reserve equals the prescribed proportion of paid-up capital. This transfer reduces the amount of net profit available for dividend distribution. The reserve stood at 35.72% of paid-up capital at 30 June 2026 and the requirement therefore continues to bind.
- Regulatory Risk Reserve. The Bank is required to maintain a Regulatory Risk Reserve in accordance with NBE Directive SBB/90/2024 on Asset Classification and Provisioning. Transfers to this reserve from retained earnings reduce distributable profit. The transfer amounted to ETB 1,335,985 thousand in FY2026, compared with ETB 212,559 thousand in FY2025, representing an increase of 529% over FY2025.
- Capital adequacy. The Bank's Capital Adequacy Ratio (CAR) must be maintained above the regulatory minimum: 8% until 30 December 2026 and, under NBE Directive SBB/95/2025, 11% from 31 December 2026. No dividend may be declared or paid that would reduce the Bank's CAR below the applicable minimum. The Bank's CAR was 9.0% at 30 June 2026, above the 8% minimum in force; it is projected to be below 11% from 31 December 2026 until the Rights Offer proceeds are received (Section 7.6, Table 112A).

  At 30 June 2026 the Bank's regulatory capital was ETB 17,381,797 thousand and its risk-weighted assets ETB 193,036,583 thousand, giving a CAR of 9.00% (30 June 2025: 8.86%) against the 8.00% minimum shown in Note 4.4 of the audited financial statements. Note 4.4 shows retained earnings of nil in the regulatory capital base, so the ETB 3,351,196 thousand of retained earnings at 30 June 2026, from which the FY2026 dividend approved by the General Assembly is to be paid, is not counted in the 9.00% ratio. From 31 December 2026 the minimum CAR rises to 11.0% (Section 7.9); the 30 June 2026 ratio of 9.00% is below that forthcoming level, and the capital adequacy restriction described above would therefore bind on any future dividend declaration until the ratio is restored. The Bank's projections of its capital adequacy ratio at 31 December 2026 and 31 March 2027 under 50%, 75% and 100% subscription of the Rights Offer are set out in Section 7.8 (Table 115A). Because the Rights Offer proceeds are expected to be received only after the new shares are credited to subscribers' accounts on or about 12 March 2027 (Table 11), the Bank's capital adequacy ratio is projected to be below the 11% minimum from 31 December 2026, when that minimum takes effect, until the proceeds are received (9.08% at 31 December 2026, Section 7.8, Table 115A; 8.97% at 31 January 2027, Section 7.6, Table 112A). If the FY2026 dividend were paid on or after 31 December 2026, while the ratio is below 11%, the restriction would apply to that payment.
- NBE review and supervisory powers. Dividend declarations by private commercial banks are subject to review by the National Bank of Ethiopia to confirm compliance with all applicable prudential

requirements. No dividend may be paid if the Bank is in breach of any applicable regulatory capital or liquidity requirement. The National Bank of Ethiopia may also prohibit or restrict a distribution under the Banking Business Proclamation.

- Minimum capital. The Bank must maintain paid-up capital above the NBE statutory minimum of ETB 5 billion. Dividend payments that would reduce capital below this threshold are not permitted. The National Bank of Ethiopia has discretion to waive this requirement or to extend the compliance period.
- Insufficient profit. No dividend may be paid where the annual net profit is insufficient to cover operating losses for the year together with any accumulated losses brought forward.
- Unpaid and treasury shares. Shares not fully paid up by the shareholder neither accrue nor receive a dividend. Shares repurchased by the Bank are subject to the applicable legal and regulatory restrictions.
- No other restrictions. As at the date of this Prospectus, the Bank has no outstanding external borrowings or loan covenants that impose additional restrictions on dividend payments beyond those described above.

5.4.9 Taxation of Dividends

Dividend income tax is withheld at source by the Bank at the rate of 15% on the cash portion of each distribution and remitted to the Ministry of Revenue. No tax is withheld on the portion of an entitlement that a shareholder elects to capitalise into additional shares.

Profits that are neither distributed nor capitalised within the period prescribed by the applicable directive on the taxation of undistributed profits may attract tax on undistributed profit. This is one of the considerations weighed by the Board and the Annual General Meeting in determining the balance between distribution and retention. Shareholders should refer to Section 8.1.8 for the taxation of the securities generally and should seek independent tax advice.

5.4.10 Dividend Trend Analysis

The Bank has maintained a history of dividend distributions while balancing shareholder returns with the need to strengthen its capital base and meet applicable regulatory requirements. Based on the audited statements of changes in equity, dividends declared out of the profit for FY2023, FY2024 and FY2025 were ETB 1.30 billion, ETB 850 million and ETB 1.04 billion, respectively, each paid in the following financial year.

In FY2023, the Bank recorded profit of ETB 2.60 billion and declared dividends of ETB 1.30 billion, equivalent to approximately 49.7% of profit for the year. In FY2024, profit declined to ETB 1.62 billion, while dividends declared amounted to ETB 850 million, representing approximately 52.6% of the reported profit. In FY2025, profit was ETB 1.56 billion, while dividends declared increased to ETB 1.04 billion, equivalent to approximately 66.7% of profit for the year.

The data indicates a clear and increasingly strong preference among shareholders to retain their dividends in the Bank rather than receive it in cash. The proportion of dividends paid in cash declined from 48.42% in FY 2023 to 40.67% in FY 2024 and further to 38.24% in FY 2025. Conversely, the proportion of dividends capitalized and added to shareholders' investments increased from 51.58% in FY 2023 to 59.33% in FY 2024 and 61.76% in FY 2025.

This trend suggests growing shareholder confidence in the Bank and an increasing willingness to reinvest dividend income in the Bank. The rising capitalization of dividends may also indicate that shareholders

perceive continued value and growth potential in maintaining or increasing their ownership investment rather than realizing their returns in cash.

The General Assembly held on 17 October 2026 approved a dividend of ETB 3,351,195,676.72 for FY2026, equivalent to 54.5% of profit of ETB 6.14 billion. It resolved that shareholders may take the dividend in cash or apply it to subscribe for Offer Shares in this Rights Offer; the cash and capitalised portions will depend on shareholders' elections.

Table 81: Historical Dividend Performance

Financial Year	Profit for the Year (ETB '000)	Dividend Declared (ETB '000)	Dividend Declared / Profit	Cash Dividend (ETB '000)	Cash dividend portion	Capitalized dividend portion
30 June 2023	2,604,169	1,295,485	49.7%	627,335	48.42%	51.58%
30 June 2024	1,615,452	850,085	52.6%	345,713	40.67%	59.33%
30 June 2025	1,564,712	1,044,291	66.7%	399,353	38.24%	61.76%
30 June 2026 (approved by the General Assembly on 17 October 2026)	6,144,843	3,351,196	54.5%	Up to 3,351,196	See note	See note

Note: The General Assembly held on 17 October 2026 resolved that shareholders may take the FY2026 dividend in cash or apply it to subscribe for Offer Shares in this Rights Offer; the cash and capitalised portions will depend on shareholders' elections.

SECTION SIX

6 INTERESTS AND RELATED PARTY TRANSACTIONS

6.1 Board of Directors' Interests

In accordance with the applicable provisions of the Ethiopian Capital Market regulatory framework and International Financial Reporting Standards (IFRS), the Bank confirms that there are no material conflicts of interest, financial or otherwise, that could adversely affect the independence, objectivity, or fiduciary responsibilities of the Board of Directors, Executive Management, or Senior Officers of the Bank.

The Bank further confirms that, except as disclosed in this Prospectus, no Director, member of Executive Management, or Senior Officer has any direct or indirect beneficial or non-beneficial interest in any material transaction or arrangement entered into by the Bank during the three financial years preceding the date of this Prospectus.

Except for the preferential interest rates on loans to key management personnel described in Section 6.1.2, all related party transactions are conducted on an arm's length basis under normal commercial terms comparable to those applicable to unrelated third parties and are subject to internal governance approval, audit review, and applicable regulatory oversight.

The Bank confirms that no undisclosed arrangements, guarantees, commitments, or contingent liabilities exist involving members of the Board of Directors as of the date of this Prospectus.

6.1.1 Aggregate Interest of the Board of Directors

As of June 30, 2025, the members of the Board of Directors collectively held 200,709 ordinary shares, representing approximately 0.17% of the Bank's issued share capital.

Table 82: Board of Directors Shareholding as at June 30, 2025

No.	Board Member	Shares Held	Shareholding (%)
1	Mrs. Meskerem Debebe W/Mariam	5,099	0.001%
2	Mr. Abenet Tarekegn Gurmu	1,151	0.001%
3	Dr. Fikru Deksisa Sedeso	11,786	0.010%
4	Mrs. Meseret Assefa Godana	1,287	0.001%
5	Mr. Jemal Kedir Gelgelu	1,140	0.001%
6	Mr. Dejene Dadi Dika	6,001	0.010%
7	Mr. Deribie Asfaw Hurissa	174,245	0.150%
Total		**200,709**	**0.17%**

The Board's aggregate shareholding is immaterial relative to total issued capital and does not confer controlling influence over the governance or strategic direction of the Bank.

6.1.2 Outstanding Loans and Guarantees to Board Members and Related Parties

The National Bank of Ethiopia's Exposure to Related Party Directive No. SBB/88/2024, the Bank maintains appropriate policies and procedures to identify, monitor, approve, and disclose transactions with related parties, including members of the Board of Directors, Executive Management, and other persons having significant influence over the Bank.

The Bank confirms that all loans and advances provided to members of the Board of Directors and other related parties have been granted in the ordinary course of banking business, under terms and conditions comparable to those applicable to unrelated customers, and subject to the Bank's internal credit approval procedures.

Furthermore, the Bank confirms that exposures to Board members and other related parties comply with the prudential limits prescribed under NBE Exposure to Related Party Directive No. SBB/88/2024. In particular:

- Exposure to any single related party does not exceed the regulatory limit of 15% of the Bank's total capital;
- The aggregate exposure to all related parties does not exceed the regulatory limit of 35% of the Bank's total capital; and
- Except for the loans to key management personnel described below, no preferential lending terms, unsecured facilities outside approved policies, or other arrangements inconsistent with applicable regulatory requirements have been provided to Board members or related parties.

The Bank further confirms that all outstanding loans extended to Board members disclosed in this Prospectus remain performing and have been classified as Pass under the Bank's credit risk classification framework. The loans were approved through the Bank's established credit approval process, with appropriate consideration of repayment capacity, collateral requirements, and applicable regulatory requirements.

As of 30 June 2026, outstanding loans granted to members of the Board of Directors amounted to ETB 23,477,580 (30 June 2025: ETB 29,800,000) representing an immaterial proportion of the Bank's total loan portfolio and total capital. Accordingly, such exposures remain within the applicable regulatory thresholds.

The only exception to the statements above is the loans and advances that the Bank extends to its key management personnel (the members of the Board of Directors and the Executive Management) as part of their compensation and benefits arrangements. These loans carry preferential interest rates of 0% to 9.5%. Of these loans, 75.9% are secured by collateral, primarily residential houses and motor vehicles. Their repayment performance is assessed as normal/performing, and all contractual payments have been made on schedule. The mortgage loans granted to some members of the Board of Directors were provided before the issuance of Commercial Code Proclamation No. 1243/2021 (Note 34 to the audited financial statements for the year ended 30 June 2026).

Table 83: Summary of Outstanding Loans to Related Parties (ETB '000)

Financial Year	Loans & Advances
Jun-2023	1,277,200
Jun-2024	783,670
Jun-2025	1,924,740
June-2026	2,574,626

Related party exposure is monitored in line with internal credit policy and National Bank of Ethiopia prudential limits. The increase in FY2025 is primarily attributable to cooperative sector financing aligned with the Bank's mandate. Outstanding loans to Board members and related parties increased by ETB 649.89 million in FY2026, from ETB 1,924.74 million at 30 June 2025 to ETB 2,574.63 million at 30 June 2026, mainly because of increases in the loans to Oromia Coffee Farmers' Cooperative Union (ETB 345.69 million) and Oromia Agricultural Cooperative Federation Ltd (ETB 310.52 million; the Federation was not included in Table 84 at 30 June 2025), partly offset by decreases in the loans to Abinet Tarekegn Gurmu (ETB 1.28 million), Dejene Dadi Dika (ETB 0.70 million) and Deribie Asfaw Hurissa (ETB 4.33 million) (Table 83A).

Table 83A: FY2026 Outstanding Loans to Related Parties (ETB '000)

Name of Borrower	Term Loan	Merchandise	Overdraft	Total Outstanding	Status
Oromia Coffee Farmers' Cooperative Union	1,539,982.48	-	700,648.68	2,240,631.16	Pass
Oromia Agricultural Cooperative Federation Ltd	309,488.07	1,029.32	-	310,517.40	Pass
Abinet Tarekegn Gurmu (Director)	3,315.14	-	-	3,315.14	Pass
Dejene Dadi Dika (Director)	10,695.26	-	-	10,695.26	Pass
Deribie Asfaw Hurissa (Director)	5,165.36	-	4,301.82	9,467.18	Pass
Total				**2,574,626.14**	

Note: Table 83 summarises, by year, the outstanding loans to the Board members and related parties detailed in Table 83A and in Tables 84 to 86. The related-party term loans of ETB 4,727,989 thousand at 30 June 2026 in Note 34a of the audited financial statements, used in Tables 90 and 96, cover a wider group of related parties (chief executives and Board members, cooperative unions, the federation, and individuals and influential shareholders) and are therefore not comparable with Table 83.

Table 84: FY2025 Outstanding Loans to Related Parties (ETB '000)

Name of Borrower	Term Loan	Overdraft	Total Outstanding	Status
Oromia Coffee Farmers' Cooperative Union	1,199,850	695,090	1,894,940	PASS
Abinet Tarekegn Gurmu (Director)	4,600	0	4,600	PASS
Dejene Dadi Dika (Director)	11,400	0	11,400	PASS
Deribie Asfaw Hurissa (Director)	12,000	1,800	13,800	PASS
Total			**1,924,740**	

All exposures remain performing (PASS) and fully compliant with credit risk standards. No preferential terms outside standard banking conditions were applied, other than the preferential interest rates on loans to key management personnel described in Section 6.1.2.

Table 85: FY2024 Outstanding Loans to Related Parties (ETB '000)

Name of Borrower	Term Loan	Overdraft	Total Outstanding	Status
Abdi Gudina Adama SACCO Union	52,300	0-	36,770	PASS
Wegayehu Tsige Endashaw	2,300	0	2,300	PASS
Weltane Ambo Saving and Credit Union	30,000	0	24,770	PASS
Fikadu Dugasa Gudeta	4,900	1,800	4,380	PASS
Gibe Dedesa FCU	201,760	0	158,620	PASS
Lume Adama Farmers Cooperative Union	445,790	9,250	425,650	PASS
Uta Wayu FMPC Union	142,070	0	131,170	PASS
Total	**888,370**		**783,670**	

Table 86: FY2023 Outstanding Loans to Related Parties (ETB '000)

Name of Borrower	Term Loan	Overdraft	Outstanding Total	Status
Oromia Farmers' Cooperative Federation	430,030	695,090	430,030	PASS
Abdi Gudina Adama SACCO Union	54,850	0	54,850	PASS
Wegayehu Tsige Endashaw	2,320	0	2,320	PASS
Weltane Ambo Saving and Credit Union	26,610	1,800	26,610	PASS
Fikadu Dugasa Gudeta	4,540	0	4,540	PASS
Girma Delesa Dadhi	1,030	9,250	1,030	PASS
Debelo Jebessa Bidu	780	0	780	PASS
Gibe Dedesa FCU	185,640	0	185,640	PASS
Lume Adama Farmers Cooperative Union	429,160	9,360	438,520	PASS
Utawayu FMPC Union	132,900	0	132,900	PASS
Total			**1,277,200**	

All related-party exposures disclosed above were classified as performing and complied with the Bank's internal credit policies and applicable National Bank of Ethiopia directives.

6.1.3 Compensation and Other Payments to Directors

During the four financial years preceding this Prospectus, Directors received sitting allowances, transportation allowances, and other approved governance-related benefits in accordance with AGM-approved remuneration policies.

Each member of the Board of Directors receives monthly allowances and an annual remuneration fee in accordance with the prevailing Directive of the National Bank of Ethiopia. The remuneration is calculated and paid on the basis of the member's attendance at, or participation in, Board meetings, while the transportation allowance is a fixed monthly amount (Note 34c).

Table 87: Payments and Benefits to Board of Directors (ETB '000)

Component	FY 2023	FY 2024	FY 2025	FY 2026
Board Remuneration	1,491	1,630	1,560	1,449
Transportation Allowance	1,460	1,452	1,340	1,201
Total	**2,951**	**3,082**	**2,900**	**2,650**

No extraordinary, non-arm's length, or undisclosed benefits were paid to any Director during the reporting period.

Compensation paid or payable to key management, being the members of the Board of Directors and the Executive Management, was ETB 75,403 thousand in FY2026 (FY2025: ETB 58,418 thousand), an increase of 29.1%. It comprised salaries and other short-term employee benefits of ETB 60,425 thousand (ETB 46,373 thousand), defined benefit obligations of ETB 9,923 thousand (ETB 7,980 thousand) and the defined contribution plan of ETB 5,055 thousand (ETB 4,065 thousand) (Note 34b).

6.2 Major Shareholders and Interested Persons

As of June 30, 2026, no person or entity held 5% or more of the Bank's issued share capital or voting rights, whether directly or indirectly.

The Bank has a single class of ordinary shares, and all shares carry equal voting rights. No shareholder has preferential voting rights or enhanced control rights.

The Bank confirms that there are no agreements, arrangements, or understandings between shareholders that could materially affect control, governance, or voting outcomes of the Bank.

Furthermore, the Bank confirms that there are no provisions, contractual arrangements, or shareholder agreements that could result in a future change in control of the Bank.

6.2.1 Top Shareholders

Table 88: Top 10 Shareholders of Coopbank as at June 30, 2026

Shareholder	Paid-up Amount (ETB)	Shareholding (%)
Oromia Agricultural Cooperatives Farmers Federation	541,785,600	4.44%
Sisay Tesfaye Bekele	460,000,000	3.88%
Ambo Farmers Cooperative Union	288,949,600	2.42%
Oromia Coffee Farmers Cooperatives Union	255,000,000	1.99%
Lume Adama Farmers Cooperative Union	181,744,500	1.46%

Shareholder	Paid-up Amount (ETB)	Shareholding (%)
Galema Farmers Cooperative Union	130,053,300	1.39%
Uta Wayu Coop Union	126,808,900	1.39%
Abdulhakim Mohammed Geletu	157,638,100	1.36%
Oromia Insurance Company S.C.	171,552,800	1.34%
Social Security Digital	162,502,100	1.33%

No shareholder meets or exceeds the 5% ownership or voting rights threshold as of June 30, 2026, also.

6.2.2 Related Party Transactions

Related parties include Board members, Executive Management, significant shareholders, cooperative unions, federations, and entities under common influence or control.

For the year ended 30 June 2026, the audited financial statements (Note 34) regard parties as related if one party has the ability to control the other or to exercise influence over its financial and operational decisions, or if one party controls both. The definition includes influential shareholders; cooperative unions, primary cooperatives and federations; individuals and private companies; associates; and key management personnel, being the members of the Board of Directors and the Executive Management. A related party transaction is a transfer of resources, services or obligations between the Bank and a related party, whether or not a price is charged. The Bank had transactions with related parties as at 30 June 2026 in the normal course of business, as disclosed below.

All related party transactions are conducted in the ordinary course of business on arm's length terms and are governed by:

- IFRS (IAS 24 – Related Party Disclosures)
- National Bank of Ethiopia directives
- Internal credit policy and governance frameworks

The Bank confirms that related party transactions are expected to continue as part of normal banking operations, without materially affecting financial position, liquidity, profitability, or capital adequacy.

Related-party transactions are subject to the same underwriting standards, pricing policies and approval procedures as those applied to non-related parties, other than the preferential interest rates on loans to key management personnel described in Section 6.1.2.

6.2.3 Ownership Structure of Related Parties

Table 89: Ownership Structure of Related Parties

Shareholder Category	2026	2025	2024	2023
Primary Cooperatives	19.7%	19.6%	19.0%	18.3%
Cooperative Unions	27.6%	28.5%	29.0%	29.9%
Federations	4.6%	4.6%	4.5%	4.4%
Organizations and Associations	9.7%	9.8%	10.0%	10.2%
Individuals	38.5%	37.5%	37.5%	37.2%

The ownership structure indicates that cooperative unions and primary cooperatives collectively represent a significant portion of the Bank's shareholder base, reflecting the Bank's historical mandate and cooperative-oriented business model.

The 30 June 2026 individual shareholding in Table 89 (38.5%) agrees with Table 80. Table 89 uses different categories from Table 80: its primary cooperatives, cooperative unions and federations total 51.9% and organisations and associations 9.7%, compared with 52.6% for cooperatives and associations and 9.0% for institutional shareholders in Table 80.

Table 90: Related Party Transactions June 2025 and June 2026 (ETB '000)

Category (30 June 2025)	Term Outstanding	OD Utilized	Secured Value
Chief Executives and BoD	189,650	99,590	219,649
Cooperative Union	1,134,540	662,949	798,054
Individuals and Influential Shareholders	2,169,746	63,020	1,267,898
Total	3,493,935	825,559	2,285,601
Category (30 June 2026)	Term Outstanding	OD Utilized	Secured Value
Chief Executives and BoD	189,650	103,730	251,876
Cooperative Union	1,775,770	700,649	1,316,039
Federation	309,488	1,029	277,650
Individuals and Influential Shareholders	2,453,081	227,150	681,607
Total	4,727,989	1,032,558	2,527,172

The Bank's related-party exposure in FY2025 totaled ETB 3.49 billion, representing approximately 3.56% of the Bank's total loan portfolio. This represents a substantial decline compared to FY2024 and FY2023, indicating reduced concentration risk and improved diversification within the Bank's credit portfolio.

Table 91: Related Party Transactions FY2024 (ETB '000)

Category	Term Outstanding	OD Utilized	Secured Value
Executive Management	143,061	241,710	323,065
Cooperative Union	5,458,864	1,132,725	3,794,095
Primary Cooperative	859,451	0	419,667
Federation	430,133	0	265,289
Individuals and Influential Shareholders	293,651	48,036	383,274
Total	**7,185,160**	**1,422,471**	**5,185,390**

Table 92: Related Party Transactions FY2023 (ETB '000)

Category	Term Outstanding	OD Utilized	Secured Value
Executive Management	399,830	10,013	98,080
Cooperative Union	5,306,075	910,183	3,052,691
Primary Cooperative	986,597	0	398,273
Federation	430,029	0	265,289
Total	**7,122,531**	**920,196**	**3,814,334**

6.2.4 Related Party Loans as Percentage of Total Loan Portfolio

Table 93: Related Party Loans to Total Loan Portfolio FY2025

Category	Outstanding Loan	RP Loan / Total Loan
Chief Executives and BoD	189,650	0.19%
Cooperative Union	1,134,540	1.16%
Individuals and Influential Shareholders	2,169,746	2.21%
Total	**3,493,935**	**3.56%**
Category (30 June 2026)	Outstanding Loan	RP Loan / Total Loan
Chief Executives and BoD	189,650	0.15%
Cooperative Union	1,775,770	1.42%

Category	Outstanding Loan	RP Loan / Total Loan
Federation	309,488	0.25%
Individuals and Influential Shareholders	2,453,081	1.96%
Total	4,727,989	3.78%

Table 94: Related Party Loans to Total Loan Portfolio FY2024

Category	Outstanding Loan	RP Loan / Total Loan
Executive Management	143,061	0.17%
Cooperative Union	5,458,864	6.66%
Primary Cooperative	859,451	1.05%
Federation	430,133	0.52%
Individuals and Influential Shareholders	293,651	0.36%
Total	**7,185,160**	**8.77%**

Table 95: Related Party Loans to Total Loan Portfolio FY2023

Category	Outstanding Loan	RP Loan / Total Loan
Executive Management	399,830	0.48%
Cooperative Union	5,306,075	6.35%
Primary Cooperative	986,597	1.18%
Federation	430,029	0.51%
Total	**7,122,531**	**8.53%**

The Bank's total related-party loan exposure remained relatively stable between FY2023 and FY2024, increasing marginally from ETB 7.12 billion to ETB 7.19 billion. However, in FY2025, related-party exposure declined significantly to ETB 3.49 billion, reducing the related-party loan ratio from 8.77% to 3.56% of the total loan portfolio.

Historically, Cooperative Unions represented the largest component of related-party exposure, accounting for 6.35% and 6.66% of the total loan portfolio in FY2023 and FY2024, respectively. This concentration is consistent with the Bank's cooperative-based ownership structure and strategic mandate to support cooperative institutions and agricultural communities.

The substantial reduction in related-party lending exposure in FY2025 suggests a gradual diversification of the Bank's loan portfolio and reduced concentration risk associated with cooperative-related lending. The decline may also indicate strengthened risk management practices and enhanced compliance with evolving regulatory expectations relating to related-party exposures.

In FY2026 related-party term loans rose by 35.3% to ETB 4,727,989 thousand (3.78% of net conventional loans and advances of ETB 124,969,013 thousand) and overdrafts utilised were ETB 1,032,558 thousand, so that total funded related-party exposure was ETB 5,760,547 thousand (4.61%). Security held of ETB 2,527,172 thousand covered 43.9% of that exposure (30 June 2025: 52.9%); cover is highest for the Federation and the Chief Executives and Board (about 86% to 89%) and lowest for individuals and influential shareholders (about 25%). Against regulatory capital of ETB 17,381,797 thousand (Note 4.4), total funded related-party exposure is 33.1% (30 June 2025: 28.8%), compared with the 35% aggregate limit referred to in Section 6.1.2.

Loans extended to Board members and Executive Management remain minimal relative to the total portfolio and are fully performing. Most related-party exposures are collateralized by commercial buildings, residential properties, vehicles, inventories, warehouses, and financed projects. The Bank confirms that no shares of the Bank were pledged as collateral for related-party loans.

The Bank further confirms that all related-party transactions continue to comply with IFRS disclosure standards, the Commercial Code of Ethiopia, and National Bank of Ethiopia prudential requirements.

For other related parties, including cooperative unions, individual shareholders and private-company shareholders, the Bank has not granted any preferential or favorable treatment. All loans and advances to these parties are subject to the Bank's standard underwriting criteria, carry market interest rates of between 10% and 21.5%, and follow repayment schedules aligned with the nature of the underlying business, typically quarterly to annual. These exposures are classified as performing or pass. They are collateralized by commercial buildings, factories, motor vehicles, inventories, warehouses and the financed projects themselves. No share of the Bank is pledged as collateral (Note 34).

6.2.5 Related Party Exposure as Percentage of Total Loan Portfolio

The Bank's total loan portfolio is disclosed below to ensure transparency of related-party exposure ratios.

Table 96: Related Party Loans to Total Loan Portfolio

Year	Total Loan Portfolio (ETB '000)	Related Party Loans (ETB '000)	Ratio
FY2026	124,969,013	4,727,989	3.78%
FY2025	98,143,433	3,493,935	3.56%
FY2024	81,942,607	7,185,160	8.77%
FY2023	83,484,631	7,122,531	8.53%

Related party exposure significantly declined in FY2025, reflecting improved diversification and strengthened credit risk governance.

In FY2026, related-party term loans outstanding rose by 35% to ETB 4,727,989 thousand (30 June 2025: ETB 3,493,935 thousand), including ETB 309,488 thousand to the Federation, which was not shown at 30 June 2025 (26.5% excluding that line), and overdrafts utilised were ETB 1,032,558 thousand (30 June 2025: ETB 825,559 thousand), as shown in Table 90. The ratio of related-party term loans to net conventional loans at 30 June 2026 is 3.78%.

SECTION SEVEN

7 MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents the Management Discussion and Analysis ("MD&A") of the historical financial performance, financial position, and operational developments of Cooperative Bank of Oromia S.C. ("Coopbank" or the "Bank") for the financial years ended June 30, 2023, June 30, 2024, June 30, 2025 and June 30, 2026. This section should be read together with Section 2 "Information on the Issuer and the Business," Section 3 "Financial Statements and Information," Section 5 "Share Capital Structure," and other relevant disclosures contained in this Prospectus.

The analysis has been prepared based on the Bank's audited historical financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Commercial Code of Ethiopia 2021, and directives issued by the National Bank of Ethiopia ("NBE"). Unless otherwise indicated, all financial figures are presented in Ethiopian Birr ("ETB") and rounded to the nearest thousand (ETB '000), million (ETB million), or billion (ETB billion). Minor rounding differences may therefore exist.

7.1 Overview

During the review period, Cooperative Bank of Oromia S.C. (Coopbank) recorded continued expansion in its balance sheet, customer deposits, lending activities, and core banking operations. The Bank's growth was supported by increased customer deposits, expansion of digital financial services, and increased utilization of banking channels.

The Bank maintained positive profitability throughout the review period; however, profitability declined due to increased operating expenses, investment in business expansion, and cost pressures associated with operational growth between FY2023 and FY2025, before recovering strongly in FY2026 (profit before tax of ETB 8.11 billion; profit for the year of ETB 6.14 billion). The Bank's financial position remained stable, supported by growth in total assets, customer deposits, and shareholders' equity. Nevertheless, the decline in the Capital Adequacy Ratio (CAR) to FY2025, followed by only a marginal recovery to 9.00% in FY2026, indicates increased capital requirements arising from balance sheet expansion.

Table 97: Summary of Financial Performance, Position and Key Indicators (ETB '000)

Indicator	FY2026	FY2025	FY2024	FY2023	2025/26 YoY Change	2024/25 YoY Change	2023/24 YoY Change
A. Financial Performance							
Net Interest Income (ETB '000)	15,185,339	10,243,301	8,638,044	8,198,203	48.2%	18.6%	5.4%
Net Fees & Commission Income (ETB '000)	4,845,103	2,033,515	1,784,453	1,942,445	138.3%	14.0%	(8.1%)
Net Operating Income (ETB '000)	22,981,216	12,755,092	12,708,145	12,718,903	80.2%	0.4%	(0.1%)
Total Operating Expenses (ETB '000)	14,867,190	10,774,941	10,193,662	9,330,305	38.0%	5.7%	9.3%
Profit Before Tax (ETB '000)	8,114,026	1,980,152	2,514,483	3,388,598	309.8%	(21.3%)	(25.8%)
Profit After Tax (ETB '000)	6,144,843	1,564,712	1,615,452	2,604,169	292.7%	(3.1%)	(38.0%)
B. Financial Position							
Total Assets (ETB '000)	224,091,336	197,381,188	139,698,907	140,326,367	13.5%	41.3%	(0.4%)
Loans and Advances (ETB '000)	124,969,013	98,143,433	81,942,607	83,484,631	27.3%	19.8%	(1.8%)

Indicator	FY2026	FY2025	FY2024	FY2023	2025/26 YoY Change	2024/25 YoY Change	2023/24 YoY Change
Customer Deposits (ETB '000)	191,436,477	173,994,300	115,650,387	114,083,590	10.0%	50.4%	1.4%
Total Equity (ETB '000)	23,618,258	17,459,978	15,944,133	14,873,949	35.3%	9.5%	7.2%
C. Non-Financial and Operating KPIs							
Branches (No.)	698	753	758	738	(7.3%)	(0.7%)	2.7%
Non-CRM ATMs (No.)	178	178	178	178	0.0%	0.0%	0.0%
CRM Machines (No.)	587	547	510	—	7.3%	7.3%	—
Total ATM/CRM Points (No.)	765	725	688	178	5.5%	5.4%	286.5%
Coopay-Ebirr Transaction Volume (million)	2,300	1,261.37	482.95	118.43	82.3%	161.2%	307.8%
Coopay-Ebirr Transaction Value (ETB billion)	6,400	3,347.06	1,389.43	445.63	91.2%	141.0%	211.8%
Coopay-Ebirr Active Customers (million)	22.33	17.12	13.02	8.60	30.4%	31.5%	51.3%
CoopApp Transaction Volume (No.)		284,505	50,628	10,590	97.3%	461.9%	378.1%
CoopApp Transaction Value (ETB billion)	29.63	11.8	0.165	0.055	151.1%	7,050.0%	200.0%
CoopApp Active Users (No.)	164,437	116,203	30,051	19,033	41.5%	286.7%	57.9%
Card Banking Transaction Volume (million)	24.59	4.42	2.28	0.97	456.4%	93.9%	135.5%
Card Banking Transaction Value (ETB billion)	30.88	13.86	6.57	1.17	122.9%	110.7%	462.0%
Active Card Users (No.)	525,492	158,171	42,757	10,569	232.2%	269.9%	304.5%

Note: FY2023 and FY2024 figures are as originally reported. FY2025 and FY2026 figures follow the audited FY2026 financial statements, in which the FY2025 comparatives have been re-presented (foreign exchange result included in operating income; deferred tax asset netted against deferred tax liability; other assets and other liabilities grossed up). Year-on-year changes and ratios that span FY2024 and FY2025 are computed on the figures as presented.

7.1.1 Income Growth

Coopbank recorded an overall improvement in income generation during the four-year period (FY2023, FY2024, FY2025 and FY2026). Net interest income increased from ETB 8.20 billion in FY2023 to ETB 8.64 billion in FY2024 and further to ETB 10.24 billion in FY2025 and ETB 15.19 billion in FY2026, representing growth of 5.4%, 18.6% and 48.2%, respectively. Net fees and commission income grew by 4.7% to ETB 1.94 billion in FY2023, before declining by 8.1% in FY2024. The income rebounded in FY2025, recording a year-on-year growth of 14.0% and reaching ETB 2.03 billion, before rising by 138.3% to ETB 4.85 billion in FY2026. Net operating income remained broadly stable in FY2024, declining marginally by 0.1% from FY2023 (ETB 12.72 billion), before increasing by 0.4% to ETB 12.76 billion in FY2025 and by 80.2% to ETB 22.98 billion in FY2026. The FY2024 movement represents a decline of ETB 10.76 million, from ETB 12.72 billion in FY2023 to ETB 12.71 billion in FY2024, while the FY2025 increase of 0.4% represents an increase of ETB 46.95 million over FY2024 and the FY2026 increase represents ETB 10.23 billion over FY2025. Accordingly, the relatively subdued income performance in FY2024 was followed by modest growth in net operating income in FY2025 (net interest income grew by 18.6%) and a sharp increase in FY2026. The growth in income was

primarily driven by the expansion of the Bank's interest-earning assets and increased transaction-based banking activities. Loans and advances increased by 19.8% in FY2025, from ETB 81.94 billion to ETB 98.14 billion, supporting the 18.6% growth in net interest income. In FY2026 loans and advances increased by 27.3% to ETB 124.97 billion, supporting the 48.2% growth in net interest income. Net operating income in FY2026 also benefited from a net foreign exchange gain of ETB 3.00 billion (FY2025: loss of ETB 0.53 billion), which the audited FY2026 financial statements include in operating income. In addition, the recovery in net fees and commission income was supported by increased utilization of digital banking, card services, remittance activities and other banking channels. The significant increase in digital transaction activity, including Coopay-Ebirr, CoopApp and card banking, provided a broader base for fee-generating services. The combination of increased lending activity and expanding digital transactions therefore supported growth in both interest-based and non-interest-based income.

The improvement in income generation strengthens the Bank's capacity to support future business growth and provides a broader revenue base. However, the 0.4% growth in net operating income remained below the 5.7% increase in total operating expenses in FY2025, indicating continued pressure on operating efficiency and limiting the extent to which income growth translated into profitability. In FY2026 net operating income grew by 80.2% against a 38.0% increase in total operating expenses. The substantially higher growth in customer deposits relative to loans and advances in FY2025 also indicates an opportunity to deploy additional funding into productive earning assets, subject to appropriate liquidity and credit-risk considerations. Going forward, the Bank's ability to sustain income growth will depend on effective deployment of its expanded funding base, continued growth in fee-generating digital services, prudent lending and pricing, and disciplined management of operating costs. In FY2026, loans and advances (up 27.3%) grew faster than customer deposits (up 10.0%).

7.1.2 Expense Performance

Total operating expenses increased from ETB 9.33 billion in FY2023 to ETB 10.19 billion in FY2024 and further to ETB 10.77 billion in FY2025 and ETB 14.87 billion in FY2026, representing growth of 9.3% in FY2024, 5.7% in FY2025 and 38.0% in FY2026. The continued increase indicates a sustained expansion in the Bank's operating cost base. Operating expenses also grew faster than net operating income in FY2025, which increased by only 0.4%, resulting in increased pressure on the Bank's operating efficiency and profitability. The increase in operating expenses was mainly associated with personnel expenses, depreciation and amortization, technology-related investments, branch operations and other administrative costs. The continued expansion and maintenance of the Bank's physical and digital service infrastructure, together with investments required to support growing transaction volumes and customer services, contributed to the higher cost base. In FY2026 the increase was mainly associated with personnel expenses (up 34.2% to ETB 7.45 billion), other operating expenses (up 36.5% to ETB 6.05 billion), depreciation (up 47.3% to ETB 1.03 billion) and amortization (up 261.1% to ETB 0.34 billion). The increase in operating costs also reflects the resources required to support the Bank's expanding operations, technology infrastructure and service delivery network.

The increase in operating expenses has implications for the Bank's profitability and operating efficiency. To address the pressure on operating efficiency, Management intends to implement a comprehensive operational efficiency and cost optimization programme aimed at improving the cost-to-income ratio toward 50% over the medium term. On the income side, the Bank will strengthen and diversify non-funded income through increased revenue from digital banking services, fees, charges and commissions, while expanding appropriate investment activities and maintaining asset quality to support sustainable interest income generation.

On the operational side, the Bank will accelerate process automation and digital transformation, including migrating services from conventional to digital delivery channels, to improve process efficiency, reduce turnaround times and lower transaction and operating costs. The Bank will also review and rationalize non-value-adding activities and investments to ensure that resources are directed toward initiatives that generate measurable operational and financial benefits.

From an expense-management perspective, Management will implement a stricter cost optimization framework focused on discretionary and controllable operating expenses, including tighter expenditure controls, prioritization of value-generating activities, and more effective utilization of existing resources. These measures are intended to improve operational efficiency, strengthen income generation, control the growth of operating expenses and support sustainable improvement in profitability.

7.1.3 Profitability Performance

The Bank recorded a continued decline in profitability during the two-year period FY2024 to FY2025, following an increase in profitability in FY2023. Profit before tax decreased from ETB 3.39 billion in FY2023 to ETB 2.51 billion in FY2024, representing a 25.8% decline, and further decreased by 21.3% to ETB 1.98 billion in FY2025. Profit after tax followed a similar trend, declining from ETB 2.60 billion in FY2023 to ETB 1.62 billion in FY2024, representing a 38.0% decline, before decreasing by a further 3.1% to ETB 1.56 billion in FY2025. The continued decline in profitability occurred despite the growth in net interest income and net fees and commission income during FY2025, indicating increasing pressure on the Bank's earnings conversion. Profitability recovered in FY2026, when profit before tax rose by 309.8% to ETB 8.11 billion and profit after tax by 292.7% to ETB 6.14 billion.

The decline in profitability was primarily driven by the continued increase in the Bank's operating cost base. Total operating expenses increased by 9.3% in FY2024 and a further 5.7% in FY2025, reaching ETB 10.77 billion. Net operating income experienced a slight decline of 0.1% in FY2024 – indicating a temporary slowdown in revenue growth against 9.3% expense growth that same year, and the wider of the two expense-income gaps in the review period – before edging up by 0.4% in FY2025. Consequently, the gap between expense growth and income growth was particularly pronounced in FY2024, when operating expenses increased by 9.3% while net operating income decreased by 0.1%. This contributed to the significant decline in profitability in FY2024, including the 25.8% decline in profit before tax and 38.0% decline in profit after tax. In FY2025, although net operating income edged up by 0.4%, operating expenses increased by a higher 5.7%, resulting in continued pressure on profitability and a further 21.3% decline in profit before tax and 3.1% decline in profit after tax. The decline in profitability over the two fiscal years was primarily attributable to increased operating expenses, including higher personnel and business expansion costs, foreign exchange losses, and the growing cost associated with non-performing and other impaired assets. These pressures increased the Bank's overall cost base and provisioning requirements, which, together with the costs associated with rapid business expansion, constrained the conversion of increased operating and interest income into profit. In addition to operating cost pressures, the profitability decline reflects the lag between the Bank’s balance-sheet expansion and the conversion of that expansion into income. While loans and advances increased by 19.8% and customer deposits increased by 50.4% in FY2025, the resulting expansion in the funding and asset base did not translate proportionately into profitability during the year. The Bank also continued to incur personnel, technology, infrastructure and other operating costs associated with its business and service-channel expansion. These costs increased the Bank’s expense base before the related investments and expanded operating capacity could generate their full expected contribution to income. In

FY2026, net operating income grew by 80.2% against growth of 38.0% in total operating expenses, and profit before tax increased by 309.8%; a net foreign exchange gain of ETB 3.00 billion contributed to this result.

The decline in profitability through FY2025, and the contribution of a net foreign exchange gain of ETB 3.00 billion to the FY2026 result, place greater importance on improving operating efficiency and ensuring that the Bank's balance-sheet and business expansion translate into sustainable earnings growth. The substantial 41.3% growth in total assets and 50.4% growth in customer deposits in FY2025 provide a larger platform for future income generation; sustaining the FY2026 recovery in profitability, which was supported by a net foreign exchange gain, and avoiding a return to the declining trend seen through FY2025 depend on the productivity of these resources. Continued investment in technology, personnel and service infrastructure may support long-term growth to the extent that it generates sufficient incremental income and efficiency gains. Future profitability will depend on cost management, the contribution of fee-based income, asset utilization and prudent credit and liquidity management.

7.1.4 Asset Growth

Total assets growth remained stagnant between FY2023 and FY2024 before expanding significantly in FY2025. Total assets decreased marginally by 0.4%, from ETB 140.33 billion in FY2023 to ETB 139.70 billion in FY2024, before growing by 41.3% to ETB 197.38 billion in FY2025 and by a further 13.5% to ETB 224.09 billion in FY2026. The FY2024 slight decrease in total assets was consistent with the relatively limited movement in customer deposits and loans during that year, while the substantial FY2025 expansion was supported by a significant increase in customer deposits and in the loan and advances portfolio. The FY2026 increase was driven by growth in loans and advances (up ETB 26.83 billion), financial assets at amortized cost (up ETB 13.42 billion) and interest-free financing (up ETB 1.32 billion), partly offset by decreases in cash and balances with banks (down ETB 11.54 billion) and other assets (down ETB 5.65 billion).

Loans and advances: decreased by 1.8% from ETB 83.48 billion in FY2023 to ETB 81.94 billion in FY2024, before increasing by 19.8% to ETB 98.14 billion in FY2025 and by 27.3% to ETB 124.97 billion in FY2026. The FY2024 decline reflects a relatively cautious lending position during the year, driven by comparatively subdued deposit mobilization that year, while the FY2025 recovery reflects renewed credit deployment as the Bank expanded its funding base. The FY2025 increase in total assets was driven specifically by growth in loans and advances, an increase in cash and balances with banks, growth in investment securities, and expansion of interest-free financing activities.

Customer deposits: Customer deposits increased marginally by 1.4% from ETB 114.08 billion in FY2023 to ETB 115.65 billion in FY2024, followed by a significant 50.4% increase to ETB 173.99 billion in FY2025 – the largest movement among the Bank's principal balance-sheet funding indicators. Customer deposits increased by a further 10.0% to ETB 191.44 billion in FY2026. The increase reflects the Bank's expanded deposit-mobilization activities, including the Bank-wide '20-for-20' deposit mobilization campaign associated with the Bank's 20th anniversary, together with increased utilization of its branch and digital banking channels.

Total equity: Total equity increased by 7.2% from ETB 14.87 billion in FY2023 to ETB 15.94 billion in FY2024 and further by 9.5% to ETB 17.46 billion in FY2025, and by 35.3% to ETB 23.62 billion in FY2026. In FY2025 the increase in equity (9.5%) was lower than the growth in total assets (41.3%) and customer deposits (50.4%), resulting in a reduction in the Bank's capital adequacy ratio. The increase in equity was supported by retained earnings and by shareholder capital contributions – including the share capital increase from ETB 11.16 billion (FY2024) to ETB 11.87 billion (FY2025) and ETB 12.80 billion (FY2026) described in Section 5 'Share Capital Structure' of this Prospectus. In FY2026 total equity grew faster (35.3%) than total assets

(13.5%) and customer deposits (10.0%), supported by profit for the year of ETB 6.14 billion and the increase in share capital to ETB 12.80 billion.

In general, the Bank delivered strong balance-sheet growth in FY2025, with total assets increasing by 41.3% to ETB 197.4 billion, driven primarily by exceptional customer deposit growth of 50.4% to ETB 174.0 billion. Deposit mobilization significantly outpaced the growth in loans and advances, which increased by 19.8% to ETB 98.1 billion. As a result, while the Bank expanded its lending portfolio, a substantial portion of the additional funding was retained in liquid assets and other earning investments, strengthening liquidity and funding stability. Compared with the broader Ethiopian banking sector, the Bank's deposit growth (50.4%) exceeded the industry average of 40.7%, while loan growth (19.8%) remained below the sector average of 38.6%, indicating a more conservative credit-expansion strategy relative to peers and the accumulation of excess liquidity.

In FY2026 total assets grew a further 13.5% to ETB 224.09 billion, with conventional loans and advances up 27.3% to ETB 124.97 billion (total net financing of ETB 141.62 billion including Interest-Free Banking financing), customer deposits up 10.0% to ETB 191.44 billion and total equity up 35.3% to ETB 23.62 billion, supported by profit after tax of ETB 6.14 billion. Loan growth exceeded deposit growth, raising the loan-to-deposit ratio from 56.4% to 65.3%; the capital adequacy ratio was 9.00% at 30 June 2026 and the liquidity ratio 18.5% (FY2025: 26.5%).

The FY2025 expansion in the Bank’s balance sheet also occurred within a broader Ethiopian banking sector environment characterized by strong growth in deposits, loans and total assets. According to the National Bank of Ethiopia, industry-wide deposits increased by 40.7% and loans and bonds increased by 38.6% during FY2025, while total banking-sector assets increased by 44.5%. This indicates that the Bank’s balance-sheet expansion was consistent with the broader growth in financial intermediation across the Ethiopian banking sector.

At the same time, the rapid expansion of the balance sheet requires continued attention to asset quality, credit risk, liquidity management, capital adequacy, and operational capacity. Future loan growth therefore depends on appropriate credit underwriting, monitoring and provisioning practices. This is particularly relevant in an environment where the Ethiopian banking sector is experiencing rapid expansion and increasing competition. NBE has also highlighted the need for banks to strengthen technological infrastructure, human capacity and risk-management frameworks as balance-sheet and digital-service expansion increases operational and related risks.

7.1.5 Funding and Deposit Mobilization

Coopbank recorded significant growth in its funding base during FY2025. Customer deposits increased marginally by 1.4%, from ETB 114.08 billion in FY2023 to ETB 115.65 billion in FY2024, before increasing substantially by 50.4% to ETB 173.99 billion in FY2025. The strong growth in FY2025 was accompanied by a 41.3% increase in total assets, from ETB 139.70 billion to ETB 197.38 billion, indicating that the significant increase in mobilized funds contributed to the Bank’s broader balance-sheet expansion. In FY2026 customer deposits increased by a further 10.0% to ETB 191.44 billion and total assets by 13.5% to ETB 224.09 billion.

The substantial increase in customer deposits was the principal driver of the Bank’s strengthened funding position in FY2025. The Bank’s deposit base increased by ETB 58.34 billion during the year, while loans and advances increased by 19.8%, from ETB 81.94 billion to ETB 98.14 billion. Accordingly, deposit growth significantly exceeded loan growth, indicating that the increase in funding was not fully matched by lending expansion during the year. The Bank’s continued branch presence, together with the substantial expansion

in digital banking activity, may have supported customer acquisition, transaction activity and deposit mobilization. In particular, Coopay-Ebirr active customers increased by 31.5%, while CoopApp active users increased by 286.7%, providing an expanding digital customer base through which the Bank can deepen its funding and transaction relationships.

The significant growth in customer deposits strengthens the Bank's funding capacity and provides greater flexibility to support future lending and investment activities. However, the 50.4% growth in deposits compared with 19.8% growth in loans and advances also indicates that a substantial portion of newly mobilized funds was not deployed into the loan portfolio during FY2025. While this provides additional liquidity and funding flexibility, continued under-deployment of deposits could limit the contribution of the expanded funding base to interest income and profitability. Going forward, the Bank's ability to effectively convert its strong deposit mobilization into productive earning assets, while maintaining appropriate liquidity and credit-risk controls, will be important for sustaining income growth and improving profitability. In FY2026 the position reversed: loans and advances grew by 27.3% against 10.0% growth in customer deposits.

In FY2026 customer deposits increased by ETB 17.44 billion (10.0%) to ETB 191.44 billion, comprising conventional deposits of ETB 160.60 billion (+9.4%) and Interest-Free Banking deposits of ETB 30.83 billion (+13.2%). Deposit growth was slower than the 13.5% growth in total assets and the 27.3% growth in conventional loans and advances, so the loan-to-deposit ratio rose from 56.4% to 65.3%, reversing part of the FY2025 fall.

7.1.6 Capital Position

Coopbank's capital position strengthened during the four-year period ended FY2026, with total equity increasing from ETB 14.87 billion in FY2023 to ETB 15.94 billion in FY2024 and further to ETB 17.46 billion in FY2025 and ETB 23.62 billion in FY2026. This represented growth of 7.2% in FY2024, 9.5% in FY2025 and 35.3% in FY2026.

The growth in total equity was accompanied by continued expansion of the Bank's balance sheet and operating activities. Total assets increased from ETB 139.70 billion in FY2024 to ETB 197.38 billion in FY2025, while customer deposits increased by 50.4% and loans and advances increased by 19.8% during the same period. The increase in equity therefore provided additional capital support as the Bank expanded its financial intermediation activities. However, the substantially faster growth in assets and deposits relative to equity indicates that the Bank's balance-sheet expansion was predominantly supported by deposit funding rather than equity growth. In FY2026, total assets increased by 13.5% and customer deposits by 10.0%, below the 35.3% growth in total equity.

The continued increase in equity strengthens the Bank's capacity to support business expansion and provides an additional buffer against risks arising from its growing asset base. However, slower growth in equity relative to total assets, as in FY2025, means that continued balance-sheet expansion will require careful consideration of capital adequacy and the Bank's capacity to maintain an appropriate capital base relative to its risk exposure. The decline in profitability during the period also limits the contribution of retained earnings to capital accumulation, with profit after tax decreasing from ETB 2.60 billion in FY2023 to ETB 1.56 billion in FY2025 before recovering to ETB 6.14 billion in FY2026. Going forward, maintaining adequate capital to support asset growth, absorb potential losses and meet regulatory requirements will remain important as the Bank continues to expand its lending, deposit and digital banking activities.

7.1.7 Ratio Analysis

The ratio analysis focuses on the Bank's principal financial performance, capital, liquidity and asset-quality ratios.

The Bank's key financial ratios reflected mixed performance during FY2025. Profitability and capital indicators remained under pressure, with ROAE declining from 10.5% in FY2024 to 9.4% in FY2025, ROAA declining from 1.2% to 0.9%, and CAR declining from 11.3% to 8.9%. In contrast, the liquidity ratio strengthened from 18.0% to 26.5%, while the LDR declined from 70.9% to 56.4%. Asset quality also improved materially, with the NPL ratio declining from 8.0% in FY2024 to 4.9% in FY2025. In FY2026, ROAE rose to 29.9%, ROAA to 2.9% and CAR to 9.0%, and the LDR increased to 65.3%; the NPL ratio rose to 6.01% and the liquidity ratio declined to 18.5%.

Cost-to-Income Ratio

The Cost-to-Income Ratio increased from 68.15% in FY2023 to 76.70% in FY2024 and 80.05% in FY2025, before falling to 59.52% in FY2026. The deterioration in FY2024 was primarily driven by a 9.3% increase in operating expenses while total operating income declined by 2.9%, indicating that cost growth significantly outpaced revenue generation. Total operating income increased by 1.3% in FY2025 while operating expenses continued to grow at a faster rate of 5.7%, preventing improvement in operating efficiency. In FY2026 total operating income grew by 85.6% against growth of 38.0% in operating expenses, reducing the ratio. The high CIR through FY2025 suggests that the Bank's revenue growth has not yet translated into commensurate operating leverage, attributable mainly to higher personnel and business-expansion costs and, in FY2025, the net foreign exchange loss of ETB 530.9 million, which reduced total operating income, making cost optimization and revenue enhancement key management priorities.

The Bank calculates the cost-to-income ratio as total operating expenses divided by total operating income, before impairment charges, because impairment charges relate to credit risk rather than operating efficiency. This single basis is used throughout this Prospectus, including in Tables 15, 17 and 98. From FY2025, total operating income includes the net foreign exchange result; excluding the FY2026 net foreign exchange gain of ETB 2,996,556 thousand, the FY2026 ratio would be 67.63%.

Net Interest Margin (NIM)

NIM improved from 9.82% in FY2023 to 10.54% in FY2024 before declining slightly to 10.44% in FY2025 and rising to 12.15% in FY2026. The improvement in FY2024 indicates stronger interest-earnings generation from the Bank's earning assets despite the slowdown in balance-sheet growth that year. The marginal FY2025 decline coincided with deposit growth of 50.4% substantially exceeding loan growth of 19.8%, suggesting a considerable portion of the additional funding was maintained in liquid assets or lower-yielding investments rather than deployed into higher-yielding loans and advances. In FY2026, net interest income grew by 48.2% against growth of 27.3% in closing loans and advances.

The net interest margin is calculated as net interest income divided by closing net conventional loans and advances (FY2026: ETB 15.19 billion over ETB 124.97 billion, or 12.15%), the same basis as FY2023 to FY2025.

ROAE

ROAE declined from 19.9% to 10.5% in FY2024 and further to 9.4% in FY2025, before rising to 29.9% in FY2026. The 9.4 percentage-point decline in FY2024 was significantly larger than the 1.1 percentage-point decline in FY2025, reflecting the sharper reduction in profitability during FY2024. In FY2025, the continued

decline was attributable to the further reduction in profit after tax while the Bank's equity base increased by 9.5%. The 20.5 percentage-point increase in FY2026 reflected profit after tax of ETB 6.14 billion (up 292.7%) against growth of 35.3% in total equity.

ROAA

ROAA declined from 2.0% to 1.2% in FY2024 and further to 0.9% in FY2025, before rising to 2.9% in FY2026. The 0.8 percentage-point decline in FY2024 reflected the significant reduction in profitability, while the further 0.3 percentage-point decline in FY2025 reflected the combined effect of lower profit after tax and the substantial 41.3% expansion in total assets. The 2.0 percentage-point increase in FY2026 reflected the 292.7% rise in profit after tax against a 13.5% increase in total assets.

Capital Adequacy Ratio

CAR declined from 11.8% to 11.3% in FY2024 and further to 8.9% in FY2025, before recovering marginally to 9.0% in FY2026. The decline indicates that the growth in the Bank's risk-weighted assets was not matched by capital growth at the same pace. The continued expansion of the balance sheet therefore places greater importance on maintaining adequate capital buffers. The 9.00% ratio at 30 June 2026 compares with the 8.00% minimum stated in Note 4.4 of the audited FY2026 financial statements.

Loan-to-Deposit Ratio

The LDR declined from 73.2% to 70.9% in FY2024 and to 56.4% in FY2025, before rising to 65.3% in FY2026. The ratio indicates that loan growth remained below the growth in customer deposits, particularly in FY2025 when deposits increased by 50.4% compared with 19.8% growth in loans and advances. This reflects a relatively strong funding position and provides additional liquidity flexibility. In FY2026 loans and advances grew by 27.3% against 10.0% growth in customer deposits.

Liquidity Ratio

The liquidity ratio increased from 16.8% to 18.0% in FY2024 and further to 26.5% in FY2025. The 1.2 percentage-point increase in FY2024 was relatively modest, consistent with the limited 1.4% growth in customer deposits during that year. In contrast, the 8.5 percentage-point increase in FY2025 coincided with the substantial 50.4% growth in customer deposits and the comparatively slower 19.8% growth in loans and advances, strengthening the Bank's liquidity position and capacity to meet short-term obligations. In FY2026 the liquidity ratio declined by 8.0 percentage points to 18.5% (18.46%), coinciding with a 27.5% decrease in cash and balances with banks and 10.0% growth in customer deposits.

Non-Performing Loan Ratio

The Bank's NPL ratio rose from 2.6% as at 30 June 2023 to 8.0% as at 30 June 2024, an increase of 5.4 percentage points, reflecting a substantial deterioration in asset quality and a breach of the 5.0% regulatory maximum for that period. The deterioration was subsequently reversed in FY 2024/25: the ratio improved by 3.1 percentage points to 4.9% as at 30 June 2025, restoring the Bank to compliance with the NBE threshold. The recovery was driven by strengthened credit monitoring, intensified loan recovery and workout efforts, portfolio clean-up initiatives, and enhanced risk management practices. Nonetheless, the FY 2024/25 ratio remains above the FY 2022/23 level of 2.6%, underscoring the need for sustained focus on asset quality as the loan portfolio continues to expand. The NPL ratio rose by 1.1 percentage points to 6.01% as at 30 June 2026, calculated on the National Bank of Ethiopia regulatory basis as total non-performing loans of ETB 7,782.70 million against a total outstanding principal loan balance of ETB 129,454.82 million. This is above

the 5.0% regulatory maximum referred to above; the ratio declined to 4.79% as at 30 September 2026 (unaudited). The NBE regulatory ratio is computed on principal outstanding and principal non-performing amounts, whereas the audited financial statements (Note 4.1) report non-performing loans on a gross Stage 3 (credit-impaired) basis, before loss allowances (7.90% as at 30 June 2026); the two ratios are therefore on different bases and are not comparable.

Table 98: Key Financial Ratios

Ratio	FY2026	FY2025	FY2024	FY2023	2023/24 YoY Change	2024/25 YoY Change	2025/26 YoY Change
Cost-to-Income Ratio	59.52%	80.05%	76.70%	68.15%	8.55	3.35	-20.53
Net Interest Margin	12.15%	10.44%	10.54%	9.82%	0.72	-0.1	1.71
ROAE	29.9%	9.4%	10.5%	19.9%	-9.4	-1.1	20.5
ROAA	2.9%	0.9%	1.2%	2.0%	-0.8	-0.3	2.0
Capital Adequacy Ratio (CAR)	9.0%	8.9%	11.3%	11.8%	-0.5	-2.4	0.1
Loan-to-Deposit Ratio	65.3%	56.4%	70.9%	73.2%	-2.3	-14.5	8.9
Liquidity Ratio	18.5%	26.5%	18.0%	16.8%	1.2	8.5	-8.0
Non-Performing Loan Ratio	6.0%	4.9%	8.0%	2.6%	5.4	-3.1	1.1

Note: FY2023 and FY2024 figures are as originally reported. FY2025 and FY2026 figures follow the audited FY2026 financial statements, in which the FY2025 comparatives have been re-presented (foreign exchange result included in operating income; deferred tax asset netted against deferred tax liability; other assets and other liabilities grossed up). Year-on-year changes and ratios that span FY2024 and FY2025 are computed on the figures as presented

7.1.8 Non-Financial and Operating KPIs

Coopbank's non-financial and operating KPIs indicate continued expansion in digital banking usage and transaction activity during FY2025, while the physical service network remained broadly stable. The number of branches decreased marginally by 0.7%, from 758 in FY2024 to 753 in FY2025, following a 2.7% increase in FY2024. Total ATM/CRM points increased by 5.4%, from 688 to 725, supported by a 7.3% increase in CRM machines from 510 to 547, while the number of non-CRM ATMs remained unchanged at 178. As at 30 June 2026, the Bank operated 698 branches (down 7.3% from 753 at 30 June 2025) and total ATM/CRM points were 765 (up 5.5%), comprising 178 non-CRM ATMs (unchanged) and 587 CRM machines (up 7.3%). The FY2026 digital channel indicators for Coopay-Ebirr, CoopApp and cards are shown in Table 97.

Digital transaction activity recorded particularly strong growth: Coopay-Ebirr transaction volume increased by 161.2%, transaction value by 141.0%, and active customers by 31.5%. Similarly, CoopApp transaction volume increased by 461.9%, transaction value by 7,050.0%, and active users by 286.7%. Card banking also expanded, with transaction volume increasing by 93.9%, transaction value by 110.7%, and active card users by 269.9% in FY2025.

Branch network: The number of branches increased by 2.7% in FY2024, from 738 to 758, before declining marginally by 0.7% in FY2025 to 753. The branch network was broadly stable to 30 June 2025; at 30 June 2026 the Bank operated 698 branches (down 7.3%) as it relied increasingly on digital and self-service channels.

ATM/CRM infrastructure: Total ATM/CRM points increased by 286.5% in FY2024, from 178 to 688, and further increased by 5.4% in FY2025 to 725. The FY2025 increase was mainly supported by the 7.3% expansion in CRM machines, while conventional non-CRM ATMs remained unchanged. The continued expansion of CRM infrastructure supports self-service banking and complements the Bank's branch network.

In FY2026 total ATM/CRM points increased by a further 5.5% to 765, supported by a 7.3% increase in CRM machines to 587, while non-CRM ATMs remained at 178.

Coopay-Ebirr: Coopay-Ebirr transaction volume increased by 307.8% in FY2024 and a further 161.2% in FY2025, while transaction value increased by 211.8% and 141.0%, respectively. Active customers increased by 51.3% in FY2024 and 31.5% in FY2025. The continued growth across users, transaction volumes and transaction values indicates increasing adoption and utilization of the Bank's digital payment ecosystem.

CoopApp: CoopApp recorded particularly rapid expansion. Transaction volume increased by 378.1% in FY2024 and 461.9% in FY2025, while active users increased by 57.9% and 286.7%, respectively. Transaction value increased by 200.0% in FY2024 and significantly accelerated by 7,050.0% in FY2025. The simultaneous increase in users, transaction volumes and transaction values indicates a significant increase in customer engagement and transaction activity through the mobile banking platform.

Card banking: Card banking transaction volume increased by 135.5% in FY2024 and 93.9% in FY2025, while transaction value increased by 462.0% and 110.7%, respectively. Active card users increased by 304.5% in FY2024 and 269.9% in FY2025. The continued growth in card users and transaction activity indicates increasing customer adoption of electronic payment channels.

In FY2026 the number of branches fell by 7.3% to 698 (FY2025: 753) and total ATM/CRM points rose by 5.5% to 765 (178 ATMs and 587 CRMs, the CRMs up 7.3% from 547). Coopay-Ebirr transaction volume reached 2,300 million (+82.3%), transaction value ETB 6.40 trillion (+91.2%) and active customers 22.33 million (+30.4%). CoopApp transaction volume reached 561,416 (+97.3%), transaction value ETB 29.63 billion (+151.1%) and active users 164,437 (+41.5%). Card banking transaction volume reached 24.59 million (+456.4%), transaction value ETB 30.88 billion (FY2025: ETB 13.86 billion) and active card users 525,492 (+232.2%) (Table 97).

The expansion in digital and electronic banking activity has important implications for the Bank's service delivery model and future income generation. The continued growth in Coopay-Ebirr, CoopApp and card banking activity demonstrates increasing customer engagement with digital channels and provides opportunities to expand transaction-based and fee-generating services while improving accessibility and reducing reliance on physical service points. The reduction of the branch network to 698 branches at 30 June 2026, combined with continued growth in ATM/CRM infrastructure, also indicates a gradual shift toward diversified service delivery channels. However, the rapid expansion in digital transaction volumes and user bases increases the importance of maintaining reliable technology infrastructure, cybersecurity, system capacity and operational resilience. Sustaining the growth in usage, and converting increased digital activity into operational efficiency and sustainable revenue growth, depends on adequate technological capacity, customer support, risk management and service quality.

7.2 Material Factors Affecting the Company's Results of Operations

The Bank's operating results during the disclosure period were influenced by a combination of macroeconomic conditions, regulatory developments, digital transformation initiatives, and competitive dynamics within Ethiopia's banking sector. These factors affected the Bank's revenue generation, funding profile, operating costs, capital requirements, and overall financial performance.

7.2.1 Macroeconomic Developments

Ethiopia's macroeconomic environment during the reporting period was characterized by continued economic growth, elevated inflation, exchange-rate reforms, monetary and financial-sector policy measures, and broader structural reforms. These developments affected the Bank's lending activities, funding base,

operating costs, liquidity position, and income generation. The impact of these factors is reflected in the Bank's financial and operating performance during FY2025, including the 41.3% increase in total assets, 19.8% growth in loans and advances, 50.4% growth in customer deposits, 18.6% growth in net interest income, and 5.7% increase in total operating expenses. In FY2026 total assets increased by 13.5%, loans and advances by 27.3%, customer deposits by 10.0% and net interest income by 48.2%, while total operating expenses increased by 38.0%.

a) Economic Growth (GDP)

Continued economic activity and expansion in the Ethiopian economy provided a broader environment for demand for banking services, including lending, deposit mobilization and transaction services. The Bank's financial position expanded significantly during FY2025, with total assets increasing by 41.3%, from ETB 139.70 billion in FY2024 to ETB 197.38 billion in FY2025. Loans and advances increased by 19.8%, from ETB 81.94 billion to ETB 98.14 billion, reversing the 1.8% decline recorded in FY2024. Over the same period, customer deposits increased by 50.4%, from ETB 115.65 billion to ETB 173.99 billion. These movements indicate a significant expansion in the Bank's financial intermediation activities during FY2025. In FY2026 total assets increased by a further 13.5% to ETB 224.09 billion, loans and advances by 27.3% to ETB 124.97 billion and customer deposits by 10.0% to ETB 191.44 billion.

The expansion of the loan portfolio also supported the Bank's income generation. Net interest income increased by 18.6%, from ETB 8.64 billion in FY2024 to ETB 10.24 billion in FY2025, compared with growth of 5.4% in FY2024, and growth of 48.2% to ETB 15.19 billion in FY2026. The growth in net interest income was associated with the expansion of loans and advances; its relationship to overall GDP growth has not been quantified.

b) Inflation

Inflationary pressures during the reporting period increased the cost environment in which the Bank operated. The effect is reflected in the continued increase in the Bank's operating expense base, which rose from ETB 9.33 billion in FY2023 to ETB 10.19 billion in FY2024 and further to ETB 10.77 billion in FY2025 and ETB 14.87 billion in FY2026, representing annual growth of 9.3%, 5.7% and 38.0%, respectively. The increase in operating expenses was associated with the overall expansion of the Bank's operations and included personnel, technology, service delivery and other administrative costs.

The increase in operating expenses occurred alongside slower growth in operating income during FY2025. Net operating income increased by 0.4%, from ETB 12.71 billion in FY2024 to ETB 12.76 billion in FY2025, while operating expenses increased by 5.7%. Total operating income increased by 1.3%, and the cost-to-income ratio increased from 68.15% in FY2023 to 76.70% in FY2024 and 80.05% in FY2025, before falling to 59.52% in FY2026. The available data therefore demonstrate continued cost pressure relative to income generation through FY2025; in FY2026 operating expenses grew by 38.0% against 85.6% growth in total operating income. Inflation was one of the external cost factors affecting operating expenses; the Bank has not quantified the portion of the increase attributable to inflation.

c) Exchange Rate Liberalization

The exchange-rate reforms introduced during the reporting period created a changed operating environment for banks engaged in foreign-currency transactions and international trade-related services. For Coopbank, the effect of the reforms is reflected in its foreign-currency-related income and other non-interest income, set out below; the Bank does not attribute the entire increase in non-interest income to exchange-rate liberalization.

The Bank's net fees and commission income increased by 14.0%, from ETB 1.78 billion in FY2024 to ETB 2.03 billion in FY2025, following an 8.1% decline in FY2024. Net operating income also increased by 0.4%, from ETB 12.71 billion to ETB 12.76 billion. These figures demonstrate a recovery in non-interest income and modest growth in overall operating income during FY2025. In FY2026 net fees and commission income rose by 138.3% to ETB 4.85 billion; gross fee and commission income of ETB 5.60 billion included ETB 4.33 billion (FY2025: ETB 1.93 billion) from foreign currency transactions, and the audited FY2026 financial statements report a net foreign exchange gain of ETB 3.00 billion (FY2025: loss of ETB 0.53 billion) within total operating income. The Bank has not quantified the portion of the increase attributable specifically to exchange-rate liberalization.

Exchange-rate volatility also increased the importance of foreign-currency risk management for customers engaged in import, export and other international transactions. The Bank's continued expansion of its financial intermediation activities therefore required appropriate management of foreign-exchange exposures, pricing and related risks.

d) Monetary Policy, Lending and Liquidity conditions

During the review period, the National Bank of Ethiopia maintained a prudent and relatively tight monetary policy stance to contain inflation and preserve macroeconomic stability. Following the introduction of an interest-rate-based monetary policy framework, the NBE maintained the National Bank Rate at 15% during FY2025 and FY2026 and raised it to 16% in July 2026. The monetary policy framework was complemented by measures to manage credit growth and liquidity conditions, which influenced the pace and composition of lending across the banking sector, including credit-growth caps and liquidity requirements that moderated the pace of lending expansion industry-wide during FY2024 and FY2025.

Against this backdrop, Coopbank expanded its loan portfolio by 19.8% in FY2025, from ETB 81.94 billion to ETB 98.14 billion, following a 1.8% decline in FY2024. In FY2026 loans and advances grew by a further 27.3% to ETB 124.97 billion while customer deposits grew by 10.0%. The Bank continued to expand lending within applicable regulatory parameters while maintaining prudent credit underwriting standards and portfolio diversification. The expansion in lending was accompanied by a 50.4% increase in customer deposits, indicating that the Bank's funding base expanded considerably faster than its loan portfolio and provided additional funding capacity to support lending while reducing pressure on the deployment of the Bank's deposit base.

The resulting loan-to-deposit ratio declined to 56.4% in FY2025 from 70.9% in FY2024 (FY2023: 73.2%) and rose to 65.3% in FY2026. At the same time, the liquidity ratio increased from 18.0% in FY2024 to 26.5% in FY2025, indicating an improved liquidity position. These developments suggest that the Bank maintained a relatively conservative deployment of its expanding deposit base, providing greater liquidity flexibility while supporting loan portfolio growth.

7.2.2 Digital Banking Transformation and Technology Investments

During the disclosure period, the Bank expanded its digital and electronic banking activities, as demonstrated by significant increases in transaction volumes, transaction values and active users across its principal digital channels. The growth was particularly pronounced during FY2025. Coopay-Ebirr transaction volume increased by 161.2%, from 482.95 million transactions in FY2024 to 1.26 billion transactions in FY2025, while transaction value increased by 141.0%, from ETB 1.39 trillion to ETB 3.35 trillion. Active Coopay-Ebirr customers increased by 31.5%, from 13.02 million to 17.12 million.

CoopApp recorded stronger growth during FY2025. Transaction volume increased by 461.9%, from 50,628 to 284,505 transactions, while active users increased by 286.7%, from 30,051 to 116,203. Transaction value increased from ETB 0.165 billion to ETB 11.8 billion. Card banking activity also expanded, with transaction volume increasing by 93.9%, transaction value by 110.7%, and active card users by 269.9%. These indicators demonstrate a significant increase in customer adoption and utilization of the Bank's electronic and digital service channels.

In FY2026 the digital channels continued to grow (Table 97 and Section 7.1.8): Coopay-Ebirr active customers reached 22.33 million, CoopApp active users 164,437 and active card users 525,492.

The expansion of digital activity improves the bank's non-funded income. Over the past four years, digital banking revenue has demonstrated an increasing trend from ETB 76.29 million in FY2023 to ETB 374.27 million in FY2024, ETB 1.82 billion in FY2025 and ETB 3.2 billion in FY2026. This represents a 390.6% year-on-year (YoY) increase in FY2024, a 386.3% YoY increase in FY2025 and a 75.82% YoY increase in FY2026, a simple average annual growth rate of 284.23% over the period. These revenues are generated mainly from Michu digital lending and card banking activities. The share of digital banking in the Bank's total operating income increased significantly from 0.6% in FY2023 to 2.8% in FY2024 and 13.5% in FY2025, and was approximately 12.8% in FY2026 (ETB 3.2 billion of total operating income of ETB 24.98 billion). This demonstrates that digital banking has become a driver of the Bank's non-funded income growth, reflecting increased customer adoption, transaction volumes, and the expansion of the digital ecosystem.

The digital expansion also has significant cost implications to the overall operation of the bank. Total operating expenses increased by 5.7% in FY2025, compared with 1.3% growth in total operating income, and the cost-to-income ratio was 80.05% (FY2026: 59.52%). The increase was partially driven by digital banking-related expenses.

Total digital banking-related expenses increased from ETB 361.72 million in FY2023 to ETB 670.96 million in FY2024 and further to ETB 1.48 billion in FY2025. The increase was primarily driven by the rapid expansion of the Bank's digital ecosystem, particularly external agent commissions, which grew from ETB 109.09 million in FY2023 to ETB 271.02 million in FY2024 and ETB 478.47 million in FY2025, reflecting the growth in agent network activity and transactions. The increase was driven across all major digital banking cost categories. External agent commission expenses rose from ETB 109.09 million in FY2023 to ETB 271.02 million in FY2024 and ETB 478.47 million in FY2025, reflecting the expansion of the Bank's agent network and transaction volumes. Internet and data expenses increased sharply from ETB 4.10 million to ETB 32.56 million and ETB 378.07 million, while subscription fees grew from ETB 0.20 million to ETB 52.28 million and ETB 177.13 million, indicating greater reliance on digital platforms and technology services. Software maintenance expenses increased from ETB 27.32 million in FY2023 to ETB 134.18 million in FY2025 despite a temporary decline in FY2024, while service level agreement (SLA) expenses increased from ETB 142.32 million to ETB 165.89 million over the period. Telephone expenses also remained significant at ETB 78.70 million, ETB 189.18 million, and ETB 149.55 million in FY2023, FY2024, and FY2025, respectively. While these investments contributed to operating expenses growing by 5.7% in FY2025, outpacing the 1.3% growth in total operating income and keeping the cost-to-income ratio elevated at 80.05%, they represent strategic expenditures aimed at strengthening the Bank's digital capabilities, enhancing customer experience, and supporting sustainable long-term growth

7.2.3 Industry Competition and Market Structure Changes

Competition in Ethiopia's financial services sector continued to influence the environment in which the Bank operated, particularly as banking services increasingly incorporated digital payments and electronic delivery channels. The Bank's operating indicators demonstrate substantial growth in customer utilization of digital and electronic channels during FY2025. Coopay-Ebirr active customers increased by 31.5%, CoopApp active users increased by 286.7%, and active card users increased by 269.9%. These developments indicate increasing customer engagement with alternative banking channels and provide the Bank with opportunities to strengthen its customer franchise.

The Bank also maintained a broad physical service network while expanding self-service infrastructure. The number of branches decreased marginally by 0.7%, from 758 in FY2024 to 753 in FY2025, while total ATM/CRM points increased by 5.4%, from 688 to 725. CRM machines increased by 7.3%, from 510 to 547. As at 30 June 2026, total ATM/CRM points stood at 765 (CRM machines 587), a further increase of 5.5%. The combination of a smaller branch network (698 branches at 30 June 2026, down 7.3%) and continued expansion of digital and self-service channels indicates a diversified service-delivery model in which the Bank can serve customers through both physical and electronic channels.

The increased use of digital channels also supported transaction activity and created a broader platform for fee-generating services. Customer acquisition costs, pricing pressure and market-share movements attributable to competition have not been separately quantified. Going forward, continued investment in digital services, customer experience, transaction infrastructure and service reliability will remain important for maintaining the Bank's competitive position as the financial services market becomes increasingly technology-driven.

7.2.4 Regulatory Environment and Policy Changes

The Bank operated within an evolving regulatory environment during the review period as the National Bank of Ethiopia continued implementing prudential, supervisory, and financial sector reform measures.

Regulatory initiatives affecting the Bank included enhanced capital adequacy requirements, credit growth management measures, strengthened risk management expectations, digital financial services regulations, corporate governance requirements, and Basel-aligned prudential reforms.

Credit growth management measures implemented during FY2024 and FY2025 moderated the pace of lending expansion across the banking industry. Nevertheless, the Bank continued growing its lending portfolio within the applicable regulatory framework while maintaining prudent underwriting standards.

The evolving prudential framework also required continued investment in enterprise risk management, regulatory reporting systems, compliance infrastructure, capital planning, and governance processes.

The Bank remained compliant with the minimum Capital Adequacy Ratio ("CAR") requirement applicable throughout the historical reporting period. However, the CAR declined from 11.8% in FY2023 to 11.27% in FY2024 and 8.86% in FY2025, before recovering marginally to 9.00% in FY2026, reflecting rapid growth in risk-weighted assets relative to capital accumulation.

As reported in the audited financial statements as at 30 June 2026, the Bank's CAR was 9.00%, which met the minimum regulatory requirement applicable at that reporting date. The National Bank of Ethiopia's revised minimum CAR requirement of 11.0% becomes effective on 31 December 2026. To ensure continued compliance with the revised prudential requirement while supporting future business growth, the Bank is implementing its approved capital enhancement programme through continued profit retention, shareholder capital contributions, and other capital management initiatives. The Bank’s projections of its capital adequacy

ratio at 31 December 2026 and 31 March 2027 under 50%, 75% and 100% subscription of the Rights Offer are set out in Section 7.8 (Table 115A). Because the Rights Offer proceeds are expected to be received only after the new shares are credited to subscribers' accounts on or about 12 March 2027 (Table 11), the Bank's capital adequacy ratio is projected to be below the 11% minimum from 31 December 2026, when that minimum takes effect, until the proceeds are received (9.08% at 31 December 2026, Section 7.8, Table 115A; 8.97% at 31 January 2027, Section 7.6, Table 112A).

7.3 Analysis of Historical Financial Results

The historical financial information presented below has been extracted from the audited financial statements of Cooperative Bank of Oromia Share Company for the financial years ended 30 June 2026, 30 June 2025, 30 June 2024 and 30 June 2023, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in Ethiopia and audited by the Bank's independent external auditors. The financial information is reproduced consistently with the audited financial statements without modification or reclassification, except that FY2025 is presented as re-presented in the audited FY2026 financial statements (FY2023 and FY2024 are as originally reported) to enable investors to reconcile the Prospectus directly with the audited financial statements.

The financial information in this Section is taken from, or calculated from, the audited financial statements. Where any figure in this Prospectus differs from the audited financial statements for the year ended 30 June 2026, the audited financial statements prevail.

Table 99: Statement of Profit or Loss and Other Comprehensive Income (ETB '000)

Income Statement	FY2026	FY2025	FY2024	FY2023	YoY 2025/26	YoY 2024/25	YoY 2023/24
Interest Income	22,589,727	15,605,470	14,063,006	12,218,961	44.8%	11.0%	15.1%
Interest Expense	(7,404,388)	(5,362,169)	(5,424,962)	(4,020,758)	38.1%	-1.2%	34.9%
Net Interest Income	15,185,339	10,243,301	8,638,044	8,198,203	48.2%	18.6%	5.4%
Commission Income	5,604,624	2,691,309	2,105,301	1,942,445	108.2%	27.8%	8.4%
Commission Expense	(759,520)	(657,793)	(320,848)	-	15.5%	105.0%	-
Net Fees and Commission Income	4,845,103	2,033,515	1,784,453	1,942,445	138.3%	14.0%	-8.1%
Other Operating Income	1,951,761	1,714,790	2,868,482	3,549,612	13.8%	-40.2%	-19.2%
Net Gain/(Loss) on Foreign Exchange	2,996,556	(530,947)	-	-	n/m	n/m	n/m
Total Operating Income	24,978,758	13,460,659	13,290,979	13,690,261	85.6%	1.3%	-2.9%
Loan and Other Asset Impairment	(1,997,542)	(705,566)	(464,258)	(969,275)	183.1%	52.0%	-52.1%
Impairment Losses on PPE	-	(293,844)	-	(2,083)	-100.0%	n/m	-100.0%
Impairment of Off-Balance Sheet Exposure	Incl. above	(411,723)	(118,576)		n/m	247.2%	n/m
Net Operating Income	22,981,216	12,755,092	12,708,145	12,718,903	80.2%	0.4%	-0.1%
Personnel Expenses	(7,452,772)	(5,553,321)	(4,858,456)	(3,316,363)	34.2%	14.3%	46.5%
Amortization of Intangible Assets	(338,605)	(93,782)	(58,942)	(43,913)	261.1%	59.1%	34.2%
Depreciation of Property, Plant & Equipment	(1,025,477)	(696,321)	(518,608)	(336,245)	47.3%	34.3%	54.2%
Other Operating Expenses	(6,050,337)	(4,431,516)	(4,757,656)	(5,633,784)	36.5%	-6.9%	-15.6%
Net Loss /(Gain) on Foreign Exchange (memo; not included in Total Operating Expenses)	-	-	(215,782)	72,225	n/m	n/m	n/m

Income Statement	FY2026	FY2025	FY2024	FY2023	YoY 2025/26	YoY 2024/25	YoY 2023/24
Total Operating Expenses	(14,867,190)	(10,774,941)	(10,193,662)	(9,330,305)	38.0%	5.7%	9.3%
Profit Before Tax	8,114,026	1,980,152	2,514,483	3,388,598	309.8%	-21.3%	-25.8%
Income Tax Expense	(1,969,183)	(415,440)	(899,031)	(784,429)	374.0%	-53.8%	14.6%
Profit for the Year	6,144,843	1,564,712	1,615,452	2,604,169	292.7%	-3.1%	-38.0%
Basic Earnings Per Share (Birr)	50	14	15	30	257.1%	-6.7%	-50.0%

Note: FY2023 and FY2024 figures are as originally reported. FY2025 and FY2026 figures follow the audited FY2026 financial statements, in which the FY2025 comparatives have been re-presented (foreign exchange result included in operating income; deferred tax asset netted against deferred tax liability; other assets and other liabilities grossed up). Year-on-year changes and ratios that span FY2024 and FY2025 are computed on the figures as presented. For FY2025, the amounts of ETB 293,844 thousand and ETB 411,723 thousand shown in the two rows below Loan and Other Asset Impairment add up (allowing for rounding) to the total impairment charge of ETB 705,566 thousand shown in that row, which is the only FY2025 impairment charge in the audited FY2026 financial statements (Note 9); they are components of that total, not additional charges, and net operating income is stated after the total charge only.

7.3.1 Income Analysis

a) **Net Interest Income**

Net interest income increased from ETB 8.20 billion in FY2023 to ETB 8.64 billion in FY2024, representing growth of 5.4%, and further increased to ETB 10.24 billion in FY2025, representing growth of 18.6%, and to ETB 15.19 billion in FY2026, representing growth of 48.2%. The result in FY2025 was primarily associated with the expansion of the Bank's interest-earning asset base. In particular, loans and advances increased by 19.8%, from ETB 81.94 billion in FY2024 to ETB 98.14 billion in FY2025, following a 1.8% decline in FY2024. In FY2026 loans and advances increased by a further 27.3% to ETB 124.97 billion.

Interest income increased by 15.1% in FY2024 and a further 11.0% in FY2025, from ETB 12.22 billion in FY2023 to ETB 14.06 billion in FY2024 and ETB 15.61 billion in FY2025, and then by 44.8% to ETB 22.59 billion in FY2026. This growth was supported by the expansion of interest-earning assets, including the Bank's loan portfolio. Interest expense increased by 34.9% in FY2024, from ETB 4.02 billion to ETB 5.42 billion, before declining marginally by 1.2% in FY2025 to ETB 5.36 billion. The moderation in interest expense in FY2025, together with continued growth in interest income, contributed to the stronger growth in net interest income. In FY2026 interest expense increased by 38.1% to ETB 7.40 billion, including interest on savings deposits of ETB 4.13 billion and on fixed time deposits of ETB 2.91 billion.

The increase in net interest income strengthened the Bank's core banking revenue-generating capacity. However, the slower growth in interest income relative to loan growth in FY2025 indicates that sustaining net interest margins as the loan portfolio expands depends on pricing, asset quality and funding-cost management. The improvement primarily reflects growth in the Bank's interest-earning assets, particularly loans and advances, together with improved balance sheet management and expansion of digital lending products.

Interest income grew consistently throughout the review period while interest expense increased significantly in FY2024 due to higher funding costs before moderating during FY2025 as the Bank optimized its funding mix and rising by 38.1% in FY2026 alongside deposit growth.

b) **Fees and Commission Income**

Commission income increased from ETB 1.94 billion in FY2023 to ETB 2.11 billion in FY2024, representing an increase of ETB 162.9 million, or 8.4%, and rose further to ETB 2.69 billion in FY2025, an increase of ETB 586.0 million, or 27.8%, compared with FY2024 and to ETB 5.60 billion in FY2026, an increase of ETB 2.91

billion, or 108.2%. The continued growth in commission income reflects the expansion of the Bank's fee-based revenue-generating activities across domestic banking, trade services and transaction-based banking services.

Net fees and commission income, however, decreased from ETB 1.94 billion in FY2023 to ETB 1.78 billion in FY2024, a decline of ETB 158.0 million, or 8.1%. This decline occurred despite the 8.4% increase in gross commission income and was primarily attributable to the recognition of ETB 320.8 million in commission expenses in FY2024, compared with no separately reported commission expense in FY2023. In FY2025, net fees and commission income recovered, increasing by ETB 249.1 million, or 14.0%, to ETB 2.03 billion, as the 27.8% growth in commission income more than offset the 105.0% increase in commission expenses. In FY2026 net fees and commission income increased by ETB 2.81 billion, or 138.3%, to ETB 4.85 billion, as the 108.2% growth in commission income was accompanied by a 15.5% increase in commission expenses to ETB 759.5 million.

The growth in commission income was driven by several key factors. Within domestic banking, fee and commission income was largely generated from loan processing fees, which contributed more than 30% of the total, while guarantee commission income accounted for approximately 30%–35%. Other significant sources included fees from ATM transactions, covering both on-us and off-us transactions, as well as other transaction-based banking services.

Trade services represented a further important driver of commission income. Trade service commissions were predominantly generated from Letter of Credit (LC) import services and import-opening commissions, which collectively accounted for approximately 80%–90% of trade-related commission income. Additional contributions came from SWIFT amendment charges, foreign guarantee commissions, and other trade-related service fees.

In FY2026, fee and commission income from foreign currency transactions was ETB 4.33 billion (FY2025: ETB 1.93 billion), letters of guarantee ETB 409.9 million (ETB 253.7 million), loan processing and commitment fees ETB 346.8 million (ETB 250.1 million), Murabaha profit income ETB 46.3 million (ETB 36.8 million) and other commissions ETB 470.4 million (ETB 222.1 million). Commission expense comprised external agent commissions of ETB 542.0 million (ETB 478.5 million) and ATM commissions of ETB 217.5 million (ETB 179.3 million).

The rapid expansion of the Bank's digital and electronic banking channels also supported the growth in fee-generating activity. In FY2025, Coopay-Ebirr transaction volume increased by 161.2% and transaction value by 141.0%, while CoopApp transaction volume rose by 461.9% and card banking transaction volume by 93.9%. These developments indicate increased utilization of transaction-based banking services and provide a broader platform for fee and commission generation.

Overall, the growth in gross commission income and the recovery in net fees and commission income in FY2025 indicate a strengthening of the Bank's fee-based revenue-generating capacity. The continued expansion of lending, guarantee, trade finance, ATM, digital payment and other transaction-based services provides opportunities to further diversify operating income. Nevertheless, the significant increase in commission expenses in FY2025 highlights the need to manage the costs associated with generating fee income, so that growth in gross commission income translates into sustainable growth in net fee and commission income.

c) **Other Operating Income**

Other operating income amounted to ETB 3.55 billion, ETB 2.87 billion, ETB 1.71 billion and ETB 1.95 billion in FY2023, FY2024, FY2025 and FY2026 respectively. In the audited FY2026 financial statements the net

foreign exchange result (FY2025: loss of ETB 530.9 million; FY2026: gain of ETB 3.00 billion) is presented as a separate line within total operating income and is not part of other operating income.

The figures presented above are reproduced directly from the audited financial statements. Other operating income comprises income from banking operations other than interest and commission income and is reported on a net basis in accordance with IFRS.

Other operating income declined in FY2024 and FY2025 and increased by ETB 237.0 million (13.8%) in FY2026, mainly reflecting higher other income (ETB 322.3 million; FY2025: ETB 62.5 million) and gains on disposal of property, plant and equipment (ETB 144.8 million; FY2025: ETB 10.7 million), partly offset by lower income from murabaha financing (ETB 1,424.8 million; FY2025: ETB 1,587.7 million) (audited financial statements, Note 8).

d) **Loan and Other Asset Impairment**

Loan and other asset impairment amounted to ETB 969.3 million in FY2023, ETB 464.3 million in FY2024, ETB 705.6 million in FY2025 and ETB 1,997.5 million in FY2026.

In FY2024, the Bank also recognized an impairment charge on off-balance sheet exposures of ETB 118.6 million, while FY2023 included impairment losses on property, plant and equipment of ETB 2.1 million.

These impairment charges reflect the Bank's application of IFRS 9 expected credit loss requirements together with prudent provisioning policies.

The Bank reports no impairment loss on property, plant and equipment in FY2026. The audited financial statements present the charge on off-balance-sheet exposures together with the charge on loans and other assets in a single line of ETB 1,997.5 million.

The FY2026 impairment charge (ETB ‘000; unaudited analysis) comprised loans and advances 1,822,034; other assets (4,071); off-balance-sheet exposures 24,666; total charge 1,841,999; write-off expenses 155,543; total impairment loss 1,997,542.

7.3.2 Expense Analysis

Total operating expenses increased from ETB 10.19 billion in FY2024 to ETB 10.77 billion in FY2025, an increase of ETB 581.3 million, or 5.7%. This increase was primarily attributable to a rise of ETB 694.9 million in personnel expenses, ETB 177.7 million in depreciation, ETB 34.8 million in amortization, partially offset by a reduction of ETB 326.1 million in other operating expenses; the net foreign exchange loss of ETB 530.9 million in FY2025 is presented within operating income in the audited FY2026 financial statements (FY2024: gain of ETB 215.8 million, shown in Table 99 as a memo item outside total operating expenses). Accordingly, the expense structure indicates that the increase in total operating expenses was not driven uniformly across all cost categories. The continued increase in operating expenses occurred while total operating income increased by only 1.3% in FY2025. Consequently, operating expenses represented an increasing proportion of the Bank's operating income, with the cost-to-income ratio increasing from 68.15% in FY2023 to 76.70% in FY2024 and 80.05% in FY2025, before falling to 59.52% in FY2026. This indicates continued pressure on operating efficiency despite growth in core net interest income (18.6% in FY2025). In FY2026 total operating expenses increased by ETB 4.09 billion, or 38.0%, to ETB 14.87 billion, mainly personnel expenses (up ETB 1.90 billion), other operating expenses (up ETB 1.62 billion), depreciation (up ETB 329.2 million) and amortization (up ETB 244.8 million), while total operating income grew by 85.6%.

7.3.2.1 a) Personnel Expenses

Personnel expenses increased from ETB 3.32 billion in FY2023 to ETB 4.86 billion in FY2024, ETB 5.55 billion in FY2025 and ETB 7.45 billion in FY2026, reflecting workforce expansion, annual salary adjustments and increased investment in skilled human capital (Training).

7.3.2.2 b) Depreciation and Amortization

Depreciation and amortization increased throughout the review period, reflecting continued investment in both tangible and intangible assets including buildings, technology infrastructure, banking software and other intangible assets supporting the Bank's digital transformation.

c) Other Operating Expenses

The Bank's other operating expenses declined consistently between FY2022/23 and FY2024/25, from ETB 5.63 billion in FY2022/23 to ETB 4.76 billion in FY2023/24, a reduction of ETB 876.1 million or 15.6% year-on-year. This downward trend continued into FY2024/25, with other operating expenses falling a further 6.9% (ETB 326.1 million) to ETB 4.43 billion. The cumulative two-year reduction of ETB 1.20 billion (21.3%) reflects the Bank's sustained cost-containment and operational efficiency measures, including disciplined administrative spending and improved procurement practices. In FY2025/26, however, other operating expenses increased by ETB 1.62 billion, or 36.5%, to ETB 6.05 billion, reversing the two-year decline.

d) Net Foreign Exchange Gain/(Loss)

The Bank recorded a net foreign exchange loss of ETB 72.2 million in FY2022/23. This position reversed in FY2023/24, when the Bank recognized a net foreign exchange gain of ETB 215.8 million — a favorable swing of ETB 288.0 million (−398.8% year-on-year) relative to the prior-year loss. In FY2024/25, however, the position reversed again markedly: the Bank recorded a net foreign exchange loss of ETB 530.9 million, an adverse swing of ETB 746.7 million (−346.1% year-on-year) against the prior-year gain. The loss was principally driven by revaluation losses on the Bank's net foreign currency positions following the exchange-rate reform and liberalization of the foreign exchange market by the National Bank of Ethiopia in July 2024. In FY2025/26 the position reversed again: the Bank recorded a net foreign exchange gain of ETB 3.00 billion (gains of ETB 5.76 billion less losses of ETB 2.77 billion), a favourable swing of ETB 3.53 billion against the prior-year loss. In the audited FY2026 financial statements this result is presented within total operating income, and the FY2025 comparative has been re-presented accordingly. The FY2026 net gain comprises gains arising both from foreign-currency transactions and from the revaluation of foreign-currency assets and liabilities; the audited financial statements do not separate the two components (accounting policy 2.24.6 and Note 7.1). The Bank’s overall foreign-currency open position was ETB 2.50 billion long as at 30 June 2026 (30 June 2025: ETB 1.59 billion long).

7.3.3 Profitability Analysis

Profit before tax decreased from ETB 3.39 billion in FY2023 to ETB 2.51 billion in FY2024 and ETB 1.98 billion in FY2025 before rising by 309.8% to ETB 8.11 billion in FY2026.

Similarly, profit after tax declined from ETB 2.60 billion in FY2023 to ETB 1.62 billion in FY2024 and ETB 1.56 billion in FY2025 before rising by 292.7% to ETB 6.14 billion in FY2026.

The reduction in profitability primarily reflects higher operating costs, increased impairment charges, foreign exchange loss arising from ETB devaluation following the transition from an administratively managed to a market-based FX regime, continued investment in digital transformation, and changes in the macroeconomic environment (FX management related directives). The FY2026 increase reflects growth in net interest income (up 48.2%) and net fees and commission income (up 138.3%) and a net foreign exchange gain of ETB 3.00

billion, partly offset by higher operating expenses (up 38.0%), impairment charges (up 183.1%) and income tax (up 374.0%).

7.4 Statement of Financial Position Analysis

The tables below present the Bank's historical statements of financial position for the financial years ended 30 June 2026, 2025, 2024 and 2023. The financial information presented in this section has been extracted directly from the Bank's audited financial statements to ensure consistency, accuracy, and reconciliation with the financial statements included in the Auditor's Report.

Table 100: Cooperative Bank of Oromia Statement of Financial Position

Balance Sheet	FY2026 (ETB '000)	FY2025 (ETB '000)	FY2024 (ETB '000)	FY2023 (ETB '000)	YoY Growth FY2025/26	YoY Growth FY2024/25	YoY Growth FY2023/24
ASSETS							
Cash and balances with banks	30,382,153	41,926,074	17,294,778	15,750,205	(27.5%)	142.4%	9.8%
Loans and advances to customers (Conventional)	124,969,013	98,143,433	81,942,607	83,484,631	27.3%	19.8%	(1.8%)
Interest-free Financing	16,651,923	15,328,042	14,054,933	16,188,854	8.6%	9.1%	(13.2%)
Financial assets at fair value through OCI	981,390	482,760	348,175	239,676	103.3%	38.7%	45.3%
Financial assets at amortized cost	27,501,062	14,081,294	7,929,949	9,459,116	95.3%	77.6%	(16.2%)
Other assets	9,707,538	15,357,575	7,495,391	8,182,853	(36.8%)	104.9%	(8.4%)
Right-of-use assets	2,387,483	2,799,553	2,995,943	2,297,529	(14.7%)	(6.6%)	30.4%
Intangible assets	636,118	660,984	603,047	305,006	(3.8%)	9.6%	97.7%
Property, plant and equipment	10,526,826	8,057,163	6,468,851	4,247,874	30.7%	24.6%	52.3%
Non-current assets held for sale	347,830	544,310	424,199	37,020	(36.1%)	28.3%	1,045.6%
Deferred tax assets	-	-	141,033	133,604	n/m	n/m	5.6%
Total Assets	**224,091,336**	**197,381,188**	**139,698,907**	**140,326,367**	**13.5%**	**41.3%**	**(0.4%)**
LIABILITIES							
Deposits from customers (Conventional)	160,604,275	146,748,610	96,969,646	94,666,598	9.4%	51.3%	2.4%
Interest-free banking deposits	30,832,202	27,245,690	18,680,741	19,416,992	13.2%	45.8%	(3.8%)
Due to other banks	1,826,377	1,201,247	1,511,020	2,168,686	52.0%	(20.5%)	(30.3%)
Borrowing from NBE	-	-	2,500,000	3,183,000	-	(100.0%)	(21.5%)
Current tax liabilities	1,562,139	396,034	706,081	792,988	294.4%	(43.9%)	(11.0%)
Lease liabilities	429,483	473,821	499,898	427,438	(9.4%)	(5.2%)	17.0%
Other liabilities	4,227,710	3,312,135	2,316,779	4,470,460	27.6%	43.0%	(48.2%)
Retirement benefit obligation	597,856	358,840	263,394	219,367	66.6%	36.2%	20.1%
Net deferred tax liabilities	393,037	184,832	307,215	106,889	112.6%	(39.8%)	187.4%
Total Liabilities	**200,473,078**	**179,921,209**	**123,754,774**	**125,452,418**	**11.4%**	**45.4%**	**(1.4%)**
EQUITY							
Share capital	12,800,000	11,865,240	11,160,763	10,016,082	7.9%	6.3%	11.4%
Share premium	8,672	8,672	8,672	8,672	-	-	-
Retained earnings	3,351,196	1,044,291	850,085	1,295,485	220.9%	22.8%	(34.4%)
Legal reserve	4,572,566	3,116,351	2,810,049	2,406,186	46.7%	10.9%	16.8%
Risk reserve	2,881,893	1,421,491	1,110,632	1,143,592	102.7%	28.0%	(2.9%)

Balance Sheet	FY2026 (ETB '000)	FY2025 (ETB '000)	FY2024 (ETB '000)	FY2023 (ETB '000)	YoY Growth FY2025/26	YoY Growth FY2024/25	YoY Growth FY2023/24
Donated capital	3,932	3,932	3,932	3,932	-	-	-
Total Equity	**23,618,258**	**17,459,978**	**15,944,133**	**14,873,949**	**35.3%**	**9.5%**	**7.2%**
Total Liabilities and Equity	**224,091,336**	**197,381,188**	**139,698,907**	**140,326,367**	**13.5%**	**41.3%**	**(0.4%)**

Note: FY2023 and FY2024 figures are as originally reported. FY2025 and FY2026 figures follow the audited FY2026 financial statements, in which the FY2025 comparatives have been re-presented (foreign exchange result included in operating income; deferred tax asset netted against deferred tax liability; other assets and other liabilities grossed up). Year-on-year changes and ratios that span FY2024 and FY2025 are computed on the figures as presented.

7.4.1 Total Assets

The Bank's total assets remained broadly stable during FY2024, decreasing marginally by 0.4% to ETB 139.70 billion from ETB 140.33 billion in FY2023. The movement mainly reflected changes in lending activities, investment securities, and other balance sheet components during the year.

During FY2025, the Bank recorded significant balance sheet expansion, with total assets increasing by 41.3% to ETB 197.38 billion. The growth was mainly supported by increased customer deposits, expansion of lending activities, higher liquidity holdings, and increased investment in financial assets.

The increase in total assets is derived from a notable contribution from cash and balances with banks, loans and advances to customers, interest-free financing, financial assets at amortized cost, and other assets.

During FY2026, total assets increased by 13.5% to ETB 224.09 billion. The growth was mainly supported by customer deposits (up ETB 17.44 billion), expansion of lending (loans and advances up ETB 26.83 billion) and increased investment in financial assets at amortized cost (up ETB 13.42 billion), while cash and balances with banks decreased by ETB 11.54 billion and other assets by ETB 5.65 billion.

Table 101: Major Asset Components Analysis

Asset Category	FY2026 (ETB '000)	FY2025 (ETB '000)	FY2024 (ETB '000)	FY2023 (ETB '000)	Growth FY2025/26	Growth FY2024/25	Growth FY2023/24
Cash and balances with banks	30,382,153	41,926,074	17,294,778	15,750,205	(27.5%)	142.4%	9.8%
Loans and advances to customers (Conventional)	124,969,013	98,143,433	81,942,607	83,484,631	27.3%	19.8%	(1.8%)
Interest-free Financing	16,651,923	15,328,042	14,054,933	16,188,854	8.6%	9.1%	(13.2%)
Financial assets at amortized cost	27,501,062	14,081,294	7,929,949	9,459,116	95.3%	77.6%	(16.2%)
Other assets	9,707,538	15,357,575	7,495,391	8,182,853	(36.8%)	104.9%	(8.4%)
Total Assets	**224,091,336**	**197,381,188**	**139,698,907**	**140,326,367**	**13.5%**	**41.3%**	**(0.4%)**

7.4.2 Loan Portfolio Analysis

The Bank's lending portfolio represents the largest component of its asset base and remains the primary driver of balance sheet growth. The loan portfolio consists of conventional loans and Interest-Free Banking ("IFB") financing, reflecting the Bank's diversified approach to serving different customer segments.

During FY2024, loans and advances to customers (conventional financing) decreased marginally by 1.8% to ETB 81.94 billion from ETB 83.48 billion in FY2023.

The decline reflected a moderated credit expansion approach during the period, considering prevailing macroeconomic conditions, liquidity management requirements, and the Bank's focus on maintaining prudent credit standards.

During FY2025, the Bank resumed stronger lending growth, with conventional loans and advances increasing by 19.8% compared with FY2024, reaching ETB 98.14 billion. The growth was supported by increased financing demand from corporate, retail, MSME, and productive sectors, together with enhanced lending activities through the Bank's branch and digital banking channels. Interest-Free Banking ("IFB") financing increased by 9.1% during FY2025 to ETB 15.33 billion, following a decline of 13.2% during FY2024. The recovery reflects increased utilization of Sharia-compliant financing products and continued expansion of the Bank's IFB services.

During FY2026, conventional loans and advances increased by 27.3% to ETB 124.97 billion and Interest-Free Banking financing by 8.6% to ETB 16.65 billion, bringing the total financing portfolio to ETB 141.62 billion (up 24.8%).

Table 102: Loan Portfolio Analysis

Loan Category	FY2026 (ETB '000)	FY2025 (ETB '000)	FY2024 (ETB '000)	FY2023 (ETB '000)	Growth FY2025/26	Growth FY2024/25	Growth FY2023/24
Loans and advances to customers (Conventional)	124,969,013	98,143,433	81,942,607	83,484,631	27.3%	19.8%	(1.8%)
Interest-free Financing	16,651,923	15,328,042	14,054,933	16,188,854	8.6%	9.1%	(13.2%)
Total Financing Portfolio	**141,620,936**	**113,471,475**	**95,997,540**	**99,673,485**	**24.8%**	**18.2%**	**(3.7%)**

The recovery in financing growth during FY2025 demonstrates renewed business expansion. However, continued portfolio growth requires maintaining effective credit risk management practices, including robust underwriting standards, portfolio monitoring, early warning systems, and recovery mechanisms.

7.4.3 Deposit Structure Analysis

Customer deposits remained the Bank's primary source of funding throughout the review period, supporting lending activities, liquidity management, and overall balance sheet expansion.

Total conventional customer deposits increased moderately by 2.4% during FY2024, reaching ETB 96.97 billion, before recording strong growth of 51.3% during FY2025 to reach ETB 146.75 billion. Similarly, Interest-Free Banking deposits declined by 3.8% during FY2024 before increasing significantly by 45.8% during FY2025, reaching ETB 27.25 billion. During FY2026 conventional customer deposits increased by 9.4% to ETB 160.60 billion and Interest-Free Banking deposits by 13.2% to ETB 30.83 billion.

The growth in deposits during FY2025 reflects strengthened deposit mobilization initiatives, increased customer engagement, expansion of digital banking services, and continued utilization of the Bank's cooperative customer base.

Table 103: Deposit Structure Analysis

Deposit Category	FY2026 (ETB '000)	FY2025 (ETB '000)	FY2024 (ETB '000)	FY2023 (ETB '000)	Growth FY2025/26	Growth FY2024/25	Growth FY2023/24
Conventional Customer Deposits	160,604,275	146,748,610	96,969,646	94,666,598	9.4%	51.3%	2.4%
Interest-Free Banking Deposits	30,832,202	27,245,690	18,680,741	19,416,992	13.2%	45.8%	(3.8%)
Total Customer Deposits	**191,436,477**	**173,994,300**	**115,650,387**	**114,083,590**	**10.0%**	**50.4%**	**1.4%**

The Bank continued leveraging its cooperative ownership structure, extensive service network, and digital financial solutions to strengthen deposit mobilization and maintain a stable funding base.

7.4.4 Cash and Liquidity Position

Cash and balances with banks increased by 9.8% during FY2024, rising from ETB 15.75 billion to ETB 17.29 billion, reflecting continued maintenance of adequate liquidity buffers.

During FY2025, cash and balances with banks increased substantially by 142.4% to ETB 41.93 billion. The increase in cash and liquidity position was primarily associated with higher customer deposit mobilization, increased liquidity holdings, and enhanced management of short-term funding requirements. During FY2026, cash and balances with banks decreased by 27.5% to ETB 30.38 billion.

Table 104: Cash and Liquidity Position

Liquidity Position	FY2026 (ETB '000)	FY2025 (ETB '000)	FY2024 (ETB '000)	FY2023 (ETB '000)	Growth FY2025/26	Growth FY2024/25	Growth FY2023/24
Cash and balances with banks	30,382,153	41,926,074	17,294,778	15,750,205	(27.5%)	142.4%	9.8%

The increase in liquidity strengthened the Bank's ability to meet customer obligations, support business expansion, and maintain compliance with regulatory liquidity requirements.

7.4.5 Investment and Fixed Asset Analysis

The Bank maintained investments in financial assets, technology infrastructure, and operational assets to support business growth and service delivery.

Financial assets at amortized cost increased significantly by 77.6% during FY2025 after declining by 16.2% during FY2024.

The increase reflects greater allocation toward investment securities and treasury management activities.

Property, plant and equipment increased consistently during the review period, rising by 52.3% during FY2024 and a further 24.6% during FY2025. The increase reflects continued investment in branch infrastructure, office facilities, and operational capacity.

Intangible assets increased significantly during FY2024 and continued growing during FY2025, reflecting investment in digital banking platforms, information systems, and technology infrastructure.

During FY2026, financial assets at amortized cost increased by 95.3% to ETB 27.50 billion, financial assets at fair value through OCI by 103.3% to ETB 0.98 billion and property, plant and equipment by 30.7% to ETB 10.53 billion, while intangible assets decreased by 3.8% to ETB 0.64 billion and non-current assets held for sale by 36.1% to ETB 0.35 billion.

Table 105: Investment and Fixed Asset Analysis

Asset Category	FY2026 (ETB '000)	FY2025 (ETB '000)	FY2024 (ETB '000)	FY2023 (ETB '000)	Growth FY2025/26	Growth FY2024/25	Growth FY2023/24
Financial assets at fair value through OCI	981,390	482,760	348,175	239,676	103.3%	38.7%	45.3%
Financial assets at amortized cost	27,501,062	14,081,294	7,929,949	9,459,116	95.3%	77.6%	(16.2%)
Intangible assets	636,118	660,984	603,047	305,006	(3.8%)	9.6%	97.7%
Property, plant and equipment	10,526,826	8,057,163	6,468,851	4,247,874	30.7%	24.6%	52.3%
Non-current assets held for sale	347,830	544,310	424,199	37,020	(36.1%)	28.3%	1,045.6%

7.4.6 Liabilities and Borrowings Analysis

Total liabilities increased from ETB 123.75 billion in FY2024 to ETB 179.92 billion in FY2025, representing growth of 45.4%, and to ETB 200.47 billion in FY2026 (up 11.4%).

The increase was primarily driven by growth in customer deposits, which remained the Bank's main funding source.

Borrowings from the National Bank of Ethiopia declined from ETB 2.50 billion in FY2024 to nil balance in FY2025, reflecting settlement of outstanding borrowing obligations. There was no NBE borrowing at 30 June 2026.

Table 106: Liabilities Analysis

Liability Category	FY2026 (ETB '000)	FY2025 (ETB '000)	FY2024 (ETB '000)	FY2023 (ETB '000)	Growth FY2025/26	Growth FY2024/25	Growth FY2023/24
Due to other banks	1,826,377	1,201,247	1,511,020	2,168,686	52.0%	(20.5%)	(30.3%)
Borrowing from NBE	-	-	2,500,000	3,183,000	-	(100.0%)	(21.5%)
Lease liabilities	429,483	473,821	499,898	427,438	(9.4%)	(5.2%)	17.0%
Other liabilities	4,227,710	3,312,135	2,316,779	4,470,460	27.6%	43.0%	(48.2%)
Retirement benefit obligation	597,856	358,840	263,394	219,367	66.6%	36.2%	20.1%
Net deferred tax liabilities	393,037	184,832	307,215	106,889	112.6%	(39.8%)	187.4%
Total Liabilities	**200,473,078**	**179,921,209**	**123,754,774**	**125,452,418**	**11.4%**	**45.4%**	**(1.4%)**

Note: FY2023 and FY2024 figures are as originally reported. FY2025 and FY2026 figures follow the audited FY2026 financial statements, in which the FY2025 comparatives have been re-presented.

7.4.7 Equity and Share Capital Analysis

The Bank's equity position strengthened throughout the review period. Total equity increased from ETB 14.87 billion in FY2023 to ETB 15.94 billion in FY2024, further to ETB 17.46 billion in FY2025 and ETB 23.62 billion in FY2026.

The growth was supported by increases in share capital, legal reserves, risk reserves, and retained earnings.

Share capital increased by 11.4% during FY2024, 6.3% during FY2025 and 7.9% during FY2026 (to ETB 12.80 billion), reflecting continued shareholder contributions and capitalization activities.

Table 107: Equity Analysis

Equity Category	FY2026 (ETB '000)	FY2025 (ETB '000)	FY2024 (ETB '000)	FY2023 (ETB '000)	Growth FY2025/26	Growth FY2024/25	Growth FY2023/24
Share Capital	12,800,000	11,865,240	11,160,763	10,016,082	7.9%	6.3%	11.4%
Retained Earnings	3,351,196	1,044,291	850,085	1,295,485	220.9%	22.8%	(34.4%)
Legal Reserve	4,572,566	3,116,351	2,810,049	2,406,186	46.7%	10.9%	16.8%
Risk Reserve	2,881,893	1,421,491	1,110,632	1,143,592	102.7%	28.0%	(2.9%)
Total Equity	**23,618,258**	**17,459,978**	**15,944,133**	**14,873,949**	**35.3%**	**9.5%**	**7.2%**

The Bank met the minimum capital adequacy requirement applicable at each reporting date during the review period, although its CAR declined to 8.86% at 30 June 2025 and was 9.00% at 30 June 2026, below the 11.0% minimum effective from 31 December 2026. Continued capital strengthening remains important to support future balance sheet growth, maintain regulatory compliance, and absorb potential risks associated with increased lending activities.

7.4.8 Non-Performing Loans (NPLs)

The Bank's Non-Performing Loan (NPL) profile provides an assessment of asset quality and credit risk distribution across different customer segments and geographic locations. As of 30 June 2025, the Bank maintained an overall portfolio NPL ratio of 4.94%, reflecting a moderate level of credit risk relative to the size and diversification of its loan portfolio.

As of 30 June 2026, the Bank's overall portfolio NPL ratio stood at 6.01%, being total non-performing loans of ETB 7,782.70 million against a total outstanding principal loan balance of ETB 129,454.82 million, calculated on the National Bank of Ethiopia regulatory basis. The NBE regulatory ratio is computed on principal outstanding and principal non-performing amounts (Tables 20 and 21), whereas the audited financial statements (Note 4.1) report non-performing loans on a gross Stage 3 (credit-impaired) basis, before loss allowances (7.90% as at 30 June 2026); the two ratios are therefore on different bases and are not comparable. The segment and geographic analyses below are presented as at 30 June 2026. The Bank's NPL ratio declined to 4.79% as at 30 September 2026 (unaudited).

The loan principal of ETB 129,454.82 million on which the regulatory NPL ratio is computed is reconciled in Table 107A to the gross carrying amount of loans and advances to customers and interest-free financing under IFRS and to their carrying amount in the statement of financial position at 30 June 2026 (Notes 14, 14a and 15 of the audited financial statements).

Table 107A: Reconciliation of Loan Principal to the Carrying Amount of Loans and Financing, 30 June 2026 (ETB Million)

Item	Conventional loans and advances	Interest-free financing	Total
Principal outstanding, National Bank of Ethiopia regulatory basis (Table 21)	113,541.52	15,913.30	129,454.82
Difference between the regulatory principal balance and the IFRS gross carrying amount	16,339.73	1,088.35	17,428.07
Gross carrying amount, IFRS (Notes 14 and 15)	**129,881.25**	**17,001.65**	**146,882.89**
Less: expected credit loss allowance (Notes 14, 14a and 15)	(4,912.24)	(349.72)	(5,261.96)
Carrying amount in the statement of financial position	**124,969.01**	**16,651.92**	**141,620.94**

Note: Principal outstanding is on the basis used by the Bank for its National Bank of Ethiopia regulatory NPL ratio; the conventional amount is total principal less the interest-free financing principal shown in Table 21. Gross carrying amounts and expected credit loss allowances are from Notes 14, 14a and 15 of the audited financial statements; gross conventional loans and advances include staff loans of ETB 12,154.55 million. The total carrying amount agrees with loans and advances to customers (net) of ETB 141,620.94 million in the audited financial statements. Totals may not add because of rounding.

The Bank's credit portfolio is diversified across corporate, MSME, retail, agriculture, cooperative, government, NGO, and Interest-Free Banking segments. While certain segments, particularly MSME and retail financing, recorded relatively higher NPL levels, these exposures represent a limited proportion of the overall loan portfolio.

The Bank continues to manage credit risk through enhanced credit assessment, collections, portfolio monitoring, early warning mechanisms, loan recovery efforts, loan restructuring where appropriate, and enhanced recovery initiatives.

a) Sectoral NPL Analysis

The table below presents the distribution of loans and of total non-performing loans, and the NPL ratio, by customer segment as of 30 June 2026.

Table 108: NPL Analysis by Sector (FY2026)

Segment	Loan Share (%)	Share of Total NPLs (%)	NPL Ratio (%)
Agriculture and Cooperatives	14.89%	15.40%	6.22%
Retail	11.72%	16.30%	8.36%
MSME	12.27%	14.91%	7.30%
Interest-Free Banking (IFB)	12.29%	12.64%	6.18%
NGO	0.04%	0.13%	20.30%
Government	1.51%	0.37%	1.48%
Corporate	47.29%	40.25%	5.12%
Total Portfolio	**100.00%**	**100.00%**	**6.01%**

The Corporate segment represents the largest component of the Bank's loan portfolio, accounting for 47.29% of total lending and 40.25% of total NPLs, with an NPL ratio of 5.12%. Its lower share of NPLs relative to its lending exposure reflects the Bank's focus on established corporate relationships, structured credit assessment processes, and continuous portfolio monitoring.

The MSME segment accounted for 12.27% of the total loan portfolio and 14.91% of total NPLs, with an NPL ratio of 7.30%. The higher share of NPLs relative to lending exposure reflects the higher vulnerability of small businesses to economic disruptions, liquidity constraints, and market volatility. The Bank continues to strengthen monitoring, collection activities, borrower engagement, and restructuring mechanisms to manage risks within this segment.

The Retail segment represented 11.72% of total lending exposure and 16.30% of total NPLs (NPL ratio of 8.36%), the widest gap between NPL share and lending share among the major segments. The Bank continues to improve retail credit quality through enhanced customer screening, automated monitoring tools, and strengthened collection processes.

The Interest-Free Banking ("IFB") portfolio accounted for 12.29% of total lending and 12.64% of total NPLs (NPL ratio of 6.18%), broadly aligned with the overall portfolio performance. The segment continues benefiting from asset-backed financing structures and dedicated IFB credit management practices.

Agriculture and Cooperative financing accounted for 14.89% of total lending and 15.40% of total NPLs (NPL ratio of 6.22%), broadly in line with the overall portfolio, with repayment performance supported by cooperative-based financing structures and diversified borrower exposure.

The NGO segment represents only 0.04% of the total loan portfolio and 0.13% of total NPLs (NPL ratio of 20.30%). Accordingly, its impact on the Bank's overall credit risk profile remains immaterial.

The Government segment accounted for 1.51% of total lending and 0.37% of total NPLs (NPL ratio of 1.48%), reflecting relatively stable repayment performance.

Overall, the Bank's portfolio quality remains supported by the significant contribution of corporate and diversified lending segments, while management continues implementing measures to improve asset quality in higher-risk segments.

b) Geographic NPL Analysis

The geographic distribution of the Bank's loan portfolio reflects its nationwide operating footprint, with lending concentrated primarily in major economic centres, particularly Addis Ababa and Oromia.

Consistent with the sectoral analysis, the table below presents the share of loans and of total non-performing loans, and the NPL ratio, by geographic region as at 30 June 2026.

Table 109: Geographic Distribution of Total NPLs (FY2026)

Region	Loan Share (%)	Share of Total NPLs (%)	NPL Ratio (%)
Addis Ababa	66.34%	62.64%	5.68%
Afar	0.00%	0.01%	28.65%
Amhara	0.22%	0.43%	11.77%
Benishangul	0.09%	0.00%	0.11%
Central Ethiopia Regional State (CERS)	0.20%	0.67%	20.44%
Dire Dawa	5.86%	3.49%	3.58%
Gambella	0.00%	0.01%	12.68%
Harari	0.13%	0.04%	1.85%
Oromia	24.34%	30.40%	7.51%
South Ethiopia Regional State (SERS)	0.16%	0.11%	4.35%
Sidama	2.44%	0.95%	2.33%
Somali	0.06%	0.74%	80.17%
Southwest Ethiopia Regional State (SWERS)	0.01%	0.06%	23.66%
Tigray	0.15%	0.47%	18.76%
Total Portfolio	**100.00%**	**100.00%**	**6.01%**

Addis Ababa accounted for 66.34% of the Bank's total loan portfolio and represented 62.64% of total NPLs (NPL ratio of 5.68%). The lower proportion of NPLs relative to lending exposure indicates that the region's asset quality performance remained broadly consistent with the Bank-wide portfolio.

Oromia represented 24.34% of total lending exposure and contributed 30.40% of total NPLs (NPL ratio of 7.51%). The higher share of NPLs relative to loan exposure indicates comparatively elevated credit risk concentration in the region, reflecting the importance of agriculture, cooperative financing, MSME activities, and trade-related lending within the Bank's Oromia portfolio.

Other regions represented relatively smaller proportions of both lending exposure and non-performing loans, reflecting the Bank's current geographic business concentration and branch network distribution.

While geographic concentration supports operational efficiency and market penetration, it also exposes the Bank to regional economic developments, sector-specific challenges, and localized market conditions. The Bank manages these risks through centralized credit approval processes, geographic and sector concentration monitoring, periodic portfolio reviews, stress testing, and strengthened recovery frameworks.

Going forward, the Bank intends to continue expanding financial inclusion through branch optimization and digital banking channels while gradually increasing lending penetration in under-served regions. This strategy is expected to improve geographic diversification and strengthen the resilience of the Bank's loan portfolio over the medium to long term.

7.5 Statement of Cash Flow Analysis

The Bank's cash flow position reflects strong operational strength supported by rapid balance sheet expansion, increased investment in securities and infrastructure, and active liquidity management. Overall, FY2025 shows a significant strengthening of liquidity driven primarily by operating activities, partially offset by higher investment outflows. In FY2026, cash and cash equivalents decreased as investing outflows (ETB 17.68 billion) exceeded operating inflows (ETB 9.37 billion).

Table 110: Statement of Cash Flows (ETB '000)

Cash flow Statement	FY 2026	FY 2025	FY 2024	FY 2023	YoY changes2025/26	YoY changes2024/25	YoY changes 2023/24
Net cash (outflow)/inflow from operating activities	9,369,315	36,404,667	5,782,220	-1,432,258	-74.3%	529.6%	-503.7%
Net cash (outflow)/inflow from investing activities	-17,682,395	-9,617,056	-3,174,051	-4,528,727	83.9%	203.0%	-29.9%
Net cash (outflow)/inflow from financing activities	-234,283	-2,686,135	-847,121	4,075,744	-91.3%	217.1%	-120.8%
Net increase/(decrease) in cash and cash equivalents	-8,547,363	24,101,476	9,596,037	5,949,749	-135.5%	1268.6%	-193.4%
Cash and cash equivalents at beginning of year	41,926,073	17,295,475	15,750,205	9,728,232	142.4%	9.8%	61.9%
Effects of exchange rate movement on cash and cash equivalents	-2,996,556	530,947	(215,782)	72,225	-664.4%	-346.1%	-398.8%
Cash and cash equivalents at end of year	30,382,153	41,926,073	17,294,778	15,750,205	-27.5%	142.4%	118.5%

Note: In the audited statement of cash flows, the net foreign exchange result is presented as the effect of exchange rate movement on cash and cash equivalents (FY2026: ETB 2,996,556 thousand deducted; FY2025: ETB 530,947 thousand added), equal in amount to the net foreign exchange result in the statement of profit or loss discussed in Section 7.3.2. The FY2026 net foreign exchange gain comprises gains on foreign-currency transactions and on the revaluation of foreign-currency assets and liabilities, which are not separately disclosed.

Cash and Cash Equivalents

The difference between cash balances reported in the Statement of Financial Position and the Cash Flow Statement for FY2023 and FY2024 relates to differences in presentation and classification of the NBE reserve balance and does not represent a difference in the Bank's actual cash holdings.

The Statement of Financial Position reported Cash and Cash Equivalents of ETB 15.75 billion in FY2023 and ETB 17.3 billion in FY2024, including non-current NBE reserve balances of ETB 7.8 billion and ETB 8.2 billion, respectively. The Cash Flow Statement reported ETB 7.9 billion and ETB 9.1 billion, respectively, as cash balances after excluding these non-current reserves, which were not available for immediate use.

Accordingly, the variance resulted from the inconsistent treatment of the non-current NBE reserve balance between the two financial statements. Management has implemented corrective measures to ensure that, from FY2025 onward, cash and cash equivalents are consistently classified, presented and reconciled across the Bank's financial statements.

The FY2023 closing cash and cash equivalents have been reconciled to ETB 15.75 billion, consistent with the FY2024 opening cash balance and the Bank's audited balance-sheet cash figure.

7.5.1 Net Cash Flow from Operating Activities

Net cash inflow from operating activities increased significantly from ETB 5.78 billion in FY2024 to ETB 36.40 billion in FY2025, representing a growth of 529.6%, following a net operating cash outflow of ETB 1.43 billion in FY2023. The movement therefore represents a reversal from a net operating cash outflow in FY2023 to a positive inflow in FY2024, followed by a substantial strengthening in FY2025.

The strong improvement in operating cash flows was primarily driven by cash generated from operations, which rose from ETB 6.60 billion in FY2024 to ETB 37.14 billion in FY2025 (Table 111). This reflects the Bank's expanding core banking activities, particularly rapid growth in customer deposits, which provided a strong liquidity base for operations.

Compared with FY2024, the ETB 30.62 billion increase in net operating cash inflow in FY2025 indicates a substantial strengthening in internally generated liquidity. The improvement was supported by the significant increase in customer deposits during FY2025, which provided additional operating funding, while the Bank's lending and other banking activities continued to expand.

The improvement in operating cash flows indicates that the Bank's liquidity position is increasingly being driven by core banking activities rather than external funding sources, strengthening financial stability and internal funding capacity.

In FY2026 net cash inflow from operating activities decreased by 74.3% to ETB 9.37 billion. Cash generated from operations was ETB 9.99 billion (FY2025: ETB 37.14 billion). Customer deposits increased by ETB 17.44 billion, but the increase in loans and advances (ETB 28.45 billion) and interest-free financing (ETB 1.30 billion) absorbed cash, partly offset by a decrease in other assets of ETB 5.63 billion.

7.5.2 Net Cash Flow from Investing Activities

Net cash outflows from investing activities increased significantly to ETB -9.62 billion in FY2025, compared to ETB -3.17 billion in FY2024 and ETB -4.53 billion in FY2023.

The increase in investing outflows was primarily driven by:

- Increased allocation to NBE bills and bonds (ETB 6.51 billion in FY2025)
- Continued investment in property, plant and equipment (ETB 2.35 billion in FY2025)
- Ongoing investment in right-of-use assets (ETB 565.9 million)
- Investment in intangible assets (ETB 151.7 million)

The movement reflects a deliberate strategy to deploy excess liquidity into interest-earning government securities, while simultaneously expanding operational infrastructure and digital capabilities.

In FY2026 net cash outflows from investing activities increased by 83.9% to ETB 17.68 billion, comprising NBE bills and bonds (ETB 12.42 billion), property, plant and equipment (ETB 4.03 billion), right-of-use assets (ETB 544.8 million), equity investments (ETB 373.7 million) and intangible assets (ETB 313.7 million).

7.5.3 Net Cash Flow from Financing Activities

Net cash flow from financing activities recorded a net outflow of ETB -2.69 billion in FY2025, compared to ETB -847.1 million in FY2024, and a net inflow of ETB 4.08 billion in FY2023.

The movement was mainly driven by:

- Repayment/net settlement of borrowings of ETB 2.5 billion and a decline in new borrowings relative to prior periods
- Reduced proceeds from share issuance to ETB 200.1 million (down from ETB 474.9 million in FY2024)
- Dividend payments and lease liability settlements

The change from a net financing inflow of ETB 4.08 billion in FY2023 to net financing outflows of ETB 847.1 million in FY2024 and ETB 2.69 billion in FY2025 indicates a shift in the Bank's financing structure toward repayment and settlement of financing obligations rather than reliance on new external financing, reflecting reduced dependence on external funding and a shift toward self-funded balance-sheet expansion.

In FY2026 the net cash outflow from financing activities was ETB 234.3 million, comprising dividends paid (ETB 399.4 million) and lease liability payments (ETB 124.8 million), partly offset by proceeds from the issue of shares (ETB 289.8 million). There was no NBE borrowing to settle in FY2026.

7.5.4 Cash and Liquidity Position

As a result of strong operating inflows, the Bank's cash and cash equivalents increased sharply to ETB 41.93 billion in FY2025, compared to ETB 17.30 billion in FY2024 and ETB 15.75 billion in FY2023.

This represents a 142.4% year-on-year increase, highlighting a substantial strengthening of the Bank's liquidity position. The improvement was driven primarily by operating cash inflows, supported by deposit mobilization and efficient liquidity management.

The increase in cash and cash equivalents was particularly pronounced in FY2025, when the balance increased by ETB 24.63 billion from FY2024. This was mainly attributable to the substantial increase in net operating cash inflows, which more than offset the higher investing and financing cash outflows during the year.

In FY2026 cash and cash equivalents decreased by ETB 11.54 billion, or 27.5%, to ETB 30.38 billion, as the net operating inflow of ETB 9.37 billion was more than offset by investing outflows of ETB 17.68 billion, financing outflows of ETB 0.23 billion and a negative exchange-rate effect of ETB 3.00 billion.

The Bank's liquidity profile reflects strong internal generation capacity and a conservative approach to funding structure, ensuring sufficient buffers for lending expansion, settlement operations, and regulatory compliance.

Going forward, the Bank is expected to maintain strong operating cash flow generation, supported by continued deposit growth and expansion of lending activities. Investing cash flows will remain directed toward government securities, branch expansion, and digital transformation initiatives.

Financing cash flows in FY2027 are expected to include the proceeds of the Rights Offer (gross proceeds of ETB 4.12 billion at the minimum subscription and ETB 8.24 billion at full subscription; Section 8.5) and the FY2026 dividend of ETB 3.35 billion approved by the General Assembly on 17 October 2026 to the extent that shareholders take it in cash rather than apply it to subscribe for Offer Shares (Table 81).

Overall, the Bank's cash flow structure indicates a sustainable liquidity position, with strong capacity to support future balance sheet growth and strategic expansion.

7.6 Working Capital Statement

The Bank maintains a strong working capital position supported by its diversified funding base, substantial liquidity resources, sustained customer deposit mobilization, and prudent liquidity management practices. Based on the audited financial statements for the years ended 30 June 2023, 2024, 2025 and 2026, the Bank's operating cash generation capacity and liquidity position remained adequate to support its ongoing operational requirements and strategic growth initiatives.

The Bank's working capital strength is primarily derived from its core banking operations, including customer deposit mobilization, lending activities, treasury operations, and effective management of operating cash flows. As a deposit-taking financial institution, the Bank's primary funding source is customer deposits, supplemented by internally generated earnings and capital resources.

The Bank expects its available liquidity resources, operating cash flows, and funding capacity to remain sufficient to meet its obligations and support business activities for at least the next twelve months.

Table 111: Cash Generated from Operating Activities

Cash Flow from Operating Activities	FY 2026 (ETB '000)	FY 2025 (ETB '000)	FY 2024 (ETB '000)	FY 2023 (ETB '000)	FY2023–FY2026 Trend
Profit before income tax	8,114,026	1,980,152	2,514,483	3,388,598	n/a
Adjustments for non-cash items	3,582,487	2,208,861	3,089,267	2,393,679	n/a
Changes in operating assets and liabilities	(1,703,511)	32,946,748	995,890	(6,428,376)	n/a
Cash Generated from Operating Activities	9,993,002	37,135,761	6,599,640	(646,099)	**n/m**
Directors' Allowance Paid	(1,560)	(1,630)	(1,491)	(1,472)	n/a
Income Tax Paid	(593,593)	(706,081)	(792,988)	(773,825)	n/a
Defined Benefit Paid	(28,534)	(23,383)	(22,941)	(10,862)	n/a
Net Cash from Operating Activities	**9,369,315**	**36,404,667**	**5,782,220**	**(1,432,258)**	**n/m**

The Bank generated positive operating cash flows of ETB 36.4 billion during FY2025 compared with ETB 5.78 billion in FY2024, reversing the operating cash outflow recorded in FY2023. The significant improvement was primarily driven by changes in operating assets and liabilities, particularly:

- **Customer deposit growth:** Customer deposits increased significantly during FY2025, contributing positively to operating liquidity. Conventional deposits increased to ETB 146.75 billion, while Interest-Free Banking deposits increased to ETB 27.25 billion.
- **Loan portfolio movements:** The increase in loans and advances resulted in cash outflows during FY2025 as the Bank expanded financing activities; however, these were more than offset by deposit mobilization and other operating inflows.
- **Other operating asset movements:** Changes in other assets, restricted cash, and operational balances also influenced operating cash generation.
- **Profitability contribution:** Although profitability remained positive, the increase in operating cash flow was primarily attributable to balance sheet movements rather than profit growth alone.

Accordingly, the improvement in operating cash flow reflects the combined effect of business expansion, deposit mobilization, liquidity management, and operational cash flow movements. In FY2026 net cash from operating activities was ETB 9.37 billion. Customer deposits increased by ETB 17.44 billion (conventional deposits to ETB 160.60 billion and Interest-Free Banking deposits to ETB 30.83 billion), while the increase in loans and advances (ETB 28.45 billion) and interest-free financing (ETB 1.30 billion) absorbed cash; other assets decreased by ETB 5.63 billion.

7.6.1 Current Assets and Current Liabilities Analysis

The Bank maintains a strong liquidity position supported by substantial liquid assets and stable customer deposit funding. However, given the nature of banking operations, customer deposits represent the Bank's primary funding source rather than conventional trade-related current liabilities.

Accordingly, the Bank assesses its working capital by reference to liquidity adequacy, availability of liquid assets, regulatory liquidity requirements, and the Bank's ability to meet obligations as they fall due, rather than traditional industrial-company working capital measures.

The Bank's liquid resources mainly comprise cash and balances with banks, placements with financial institutions, investment securities, and other readily available financial assets.

Table 112: Liquidity Asset Position

Liquidity Position	FY 2026 (ETB '000)	FY 2025 (ETB '000)	FY 2024 (ETB '000)	FY 2023 (ETB '000)
Cash and balances with banks	30,382,153	41,926,074	17,294,778	15,750,205
Financial assets at amortized cost	27,501,062	14,081,294	7,929,949	9,459,116
Total Liquid Resources	**57,883,215**	**56,007,368**	**25,224,727**	**25,209,321**

The Bank's liquid asset position increased significantly during FY2025, mainly due to higher customer deposits, increased correspondent banking balances, and enhanced liquidity management following changes in the foreign exchange environment. The liquid asset position increased by 3.3% to ETB 57.88 billion in FY2026, as growth in financial assets at amortized cost offset the decrease in cash and balances with banks.

Of the cash and balances with banks of ETB 30.38 billion, ETB 13.55 billion is the mandatory cash reserve held with the National Bank of Ethiopia, which is not available for the Bank's day-to-day operations; the remaining ETB 16.83 billion is unrestricted (Notes 13 and 13a of the audited financial statements), and it is readily available for intraday liquidity, the expected dividend payment, payments under material contracts and future investment. Of the ETB 27.50 billion of financial assets at amortized cost, the Bank considers ETB 15.36 billion, which includes deposits with banks, to be readily available to support its working capital requirements; this amount equals the treasury bills (ETB 3.41 billion), deposits with local banks (ETB 4.27 billion) and fixed time placements in foreign currency (ETB 7.68 billion) shown in Note 17. The audited financial statements classify ETB 7.68 billion of financial assets at amortized cost as current and ETB 19.82 billion as non-current, and treasury bonds of ETB 1.94 billion are pledged as collateral for the Bank's NBE issue account facility (Note 17).

Liquidity requirements in the coming period include the FY2026 dividend of up to ETB 3.35 billion approved by the General Assembly on 17 October 2026, to the extent that shareholders take it in cash (Table 81), and the outstanding balance of ETB 2.69 billion under the Adama District Office building contract (Table 70), which is payable over the remaining construction period (completion scheduled for 28 March 2028; Table 59). The Bank intends to strengthen its liquidity position from October to December 2026 by meeting its deposit mobilization targets for the period and through diligent loan collection.

7.6.1.1 Liquidity and Cash-Flow Projection, November 2026 to October 2027

Table 112A sets out a projection of the Bank's liquidity, cash flows and capital adequacy ratio for the twelve months from 1 November 2026 to 31 October 2027, by quarter. The projection starts from the audited statement of financial position at 30 June 2026, rolled forward to 31 October 2026, and uses the Bank's projections of risk-weighted assets and regulatory capital in Section 7.8 (Table 115A). It is based on the following assumptions; it is not a forecast, and actual results may differ materially.

(a) Customer deposits grow by 10.0% a year (FY2026: 10.0%), at a constant monthly compound rate, from ETB 191.44 billion at 30 June 2026 (ETB 19.76 billion over the twelve months to October 2027).

(b) The mandatory reserve with the National Bank of Ethiopia increases by 10% of the increase in deposits, the cash reserve requirement stated in Note 13 of the audited financial statements (the reserve of ETB 13.55 billion at 30 June 2026 was 7.08% of customer deposits, because the requirement applies to deposits as adjusted for NBE requirements).

(c) Net loans and financing increase by the amount of the Bank's projected increase in risk-weighted assets: ETB 0.27 billion a month to December 2026 and ETB 1.68 billion a month from January 2027, the rate projected by the Bank for January to March 2027, which is higher than its projected rate to December 2026,

extended to October 2027 (ETB 17.37 billion over the twelve months to October 2027, about 12% of net loans and financing of ETB 141.62 billion at 30 June 2026).

(d) Profit after tax excludes foreign exchange gains: FY2026 profit before tax excluding the net foreign exchange gain of ETB 3.00 billion (ETB 5.12 billion), taxed at the FY2026 effective rate of 24.3%, giving ETB 3.88 billion a year; depreciation and amortisation continue at the FY2026 level of ETB 1.36 billion a year.

(e) The FY2026 income tax liability of ETB 1.56 billion is paid by 31 October 2026; tax on FY2027 profits is reflected in profit after tax.

(f) The FY2026 dividend of ETB 3.35 billion approved by the General Assembly on 17 October 2026 (Table 81) is paid in full in cash by 30 December 2026, within 60 working days of the resolution (Section 5). This is the maximum cash outflow: the General Assembly allowed shareholders to apply the dividend to subscribe for Offer Shares instead, and any amount so applied reduces the dividend paid in cash and forms part of, not an addition to, the Rights Offer proceeds in (j). A payment on or after 31 December 2026, while the projected capital adequacy ratio is below the 11% minimum, would be subject to the restriction on dividend payments described in Section 5.

(g) The outstanding Adama District Office building contract balance of ETB 2.69 billion (Table 70) is paid in equal monthly amounts from November 2026 to the scheduled completion on 28 March 2028 (ETB 1.90 billion in the twelve months to October 2027); other capital expenditure continues at the FY2026 level of ETB 4.34 billion a year (purchases of property, plant and equipment and intangible assets), which included payments for construction in progress, so that capital expenditure may be overstated.

(h) The ETB 15.36 billion of financial assets at amortised cost that the Bank treats as readily available (treasury bills of ETB 3.41 billion, deposits with local banks of ETB 4.27 billion and fixed time placements in foreign currency of ETB 7.68 billion; Note 17) mature within the period and are available to meet the Bank's liquidity needs, although the audited financial statements classify only ETB 7.68 billion of financial assets at amortised cost as current (Note 17). Together with unrestricted cash and balances with banks of ETB 16.83 billion (Note 13a), they make up opening available liquidity of ETB 32.20 billion. The remaining financial assets at amortised cost, including the ETB 1.94 billion of treasury bonds pledged as collateral, are excluded.

(i) The ETB 323.85 million committed to the Coop Investment Bank project is held in a blocked account (Section 2.8.7) and is excluded from available liquidity; no release of these funds and no further contribution is assumed.

(j) The Rights Offer proceeds are received after the new shares are credited to subscribers' accounts on or about 12 March 2027 (Table 11), net of the estimated offer costs of ETB 36.20 million: ETB 4.08 billion at 50% subscription (used for the cash flows in Table 112A), ETB 6.14 billion at 75% and ETB 8.20 billion at 100%.

(k) The liquidity ratio is the liquid assets implied by the Bank's reported ratio of 18.46% at 30 June 2026 (ETB 35.34 billion) plus the cumulative net change in available liquidity, divided by projected customer deposits. The minimum under NBE Directive SBB/57/2014 is 15% of net current liabilities; because the projection uses customer deposits as the denominator, the projected ratio is an approximation.

(l) Risk-weighted assets are as in (c) (ETB 211.47 billion at 31 October 2027). Regulatory capital before the Rights Offer proceeds is that implied by the Bank's projections in Table 115A (ETB 17.67 billion at 31 December 2026, used at 31 October 2026, and ETB 17.61 billion at 31 March 2027, used from 31 January 2027), and the proceeds are added at the par value of ETB 100 per share (ETB 4.10 billion, ETB 6.15 billion

and ETB 8.20 billion) from the quarter in which they are received. Profits for FY2027 are not included in regulatory capital until they are appropriated after the year-end audit. The minimum is 8% until 30 December 2026 and 11% from 31 December 2026.

Table 112A: Projected Liquidity, Cash Flows and Capital Adequacy, November 2026 to October 2027 (ETB billion)

ETB billion	30 Jun 2026 (audited)	Jul–Oct 2026 (estimate)	Nov 2026–Jan 2027	Feb–Apr 2027	May–Jul 2027	Aug–Oct 2027	Nov 2026–Oct 2027
Cash flows (50% subscription)							
Increase in customer deposits	–	6.18	4.77	4.88	5.00	5.12	19.76
Increase in mandatory reserve with the NBE	–	(0.62)	(0.48)	(0.49)	(0.50)	(0.51)	(1.98)
Increase in net loans and financing	–	(1.07)	(2.22)	(5.05)	(5.05)	(5.05)	(17.37)
Profit after tax, excluding foreign exchange gains	–	1.29	0.97	0.97	0.97	0.97	3.88
Depreciation and amortisation	–	0.45	0.34	0.34	0.34	0.34	1.36
FY2026 income tax paid	–	(1.56)	–	–	–	–	–
FY2026 dividend paid in cash (assumption f)	–	–	(3.35)	–	–	–	(3.35)
Adama District Office building payments	–	–	(0.48)	(0.48)	(0.48)	(0.48)	(1.90)
Other capital expenditure	–	(1.45)	(1.09)	(1.09)	(1.09)	(1.09)	(4.34)
Rights Offer proceeds, net of offer costs	–	–	–	4.08	–	–	4.08
Net change in available liquidity	**–**	**3.23**	**(1.53)**	**3.17**	**(0.80)**	**(0.69)**	**0.14**
Position at end of period							
Available liquidity (unrestricted cash and readily available financial assets at amortised cost)	32.20	35.43	33.89	37.07	36.27	35.57	–
Customer deposits	191.44	197.62	202.38	207.26	212.26	217.38	–
Liquidity ratio (minimum 15%)	18.46%	19.52%	18.30%	19.40%	18.57%	17.81%	–
Liquidity ratio – no deposit growth	18.46%	17.24%	14.20%	13.57%	10.80%	8.03%	–
Liquidity ratio – no Rights Offer proceeds	18.46%	19.52%	18.30%	17.43%	16.64%	15.93%	–
Risk-weighted assets	193.04	194.11	196.32	201.37	206.42	211.47	–
Capital adequacy ratio – no proceeds received (minimum 8% to 30 Dec 2026; 11% from 31 Dec 2026)	9.00%	9.10%	8.97%	8.74%	8.53%	8.33%	–
Capital adequacy ratio – 50% subscription	9.00%	9.10%	8.97%	10.78%	10.52%	10.26%	–
Capital adequacy ratio – 75% subscription	9.00%	9.10%	8.97%	11.80%	11.51%	11.23%	–
Capital adequacy ratio – 100% subscription	9.00%	9.10%	8.97%	12.82%	12.50%	12.20%	–

ETB billion	30 Jun 2026 (audited)	Jul–Oct 2026 (estimate)	Nov 2026–Jan 2027	Feb–Apr 2027	May–Jul 2027	Aug–Oct 2027	Nov 2026–Oct 2027
Coop Investment Bank funds (blocked; excluded from available liquidity)	0.32	0.32	0.32	0.32	0.32	0.32	–

Note: Cash flows are for the period shown; positions and ratios are at the end of the period (31 October 2026, 31 January, 30 April, 31 July and 31 October 2027). Cash flows are shown for the minimum (50%) subscription; at 75% and 100% subscription the net proceeds would increase available liquidity by a further ETB 2.06 billion and ETB 4.12 billion from February–April 2027. Amounts in brackets are outflows. Totals may not add because of rounding. Prepared from the audited financial statements for the year ended 30 June 2026 and the Bank's projections in Table 115A, on the assumptions stated above.

On these assumptions, available liquidity would be between ETB 33.89 billion and ETB 37.07 billion at each quarter-end to 31 October 2027, after payment of the whole FY2026 dividend in cash, the Adama building payments and other capital expenditure, and the projected liquidity ratio would remain between 17.8% and 19.5%, above the 15% minimum; without the Rights Offer proceeds it would be 15.9% at 31 October 2027. The projection depends on deposit growth: if customer deposits did not grow from their 30 June 2026 level while lending grew as assumed, the projected liquidity ratio would fall below the 15% minimum by 31 January 2027 (14.2%) and to 8.0% by 31 October 2027, and the Bank would have to slow lending growth or obtain other funding to remain above the minimum.

The projected capital adequacy ratio is above the 8% minimum applicable until 30 December 2026 (9.10% at 31 October 2026) but below the 11% minimum that applies from 31 December 2026 until the Rights Offer proceeds are received (8.97% at 31 January 2027, a shortfall of approximately ETB 3.99 billion). After receipt of the proceeds it is projected at 10.78% at 30 April 2027 and 10.26% at 31 October 2027 under the minimum (50%) subscription, below the 11% minimum throughout (a shortfall of approximately ETB 1.56 billion at 31 October 2027); at 11.80% and 11.23% under 75% subscription; and at 12.82% and 12.20% under full subscription. Without the proceeds it would be 8.33% at 31 October 2027. The decline after April 2027 reflects the assumed growth in risk-weighted assets and the exclusion of FY2027 profits from regulatory capital until they are appropriated.

7.6.2 Drivers of Working Capital Strength

The Bank's working capital and liquidity position are supported by the following key factors:

1. Strong Customer Deposit Mobilization

Customer deposits remain the Bank's primary funding source. Total customer deposits increased from ETB 114.08 billion in FY2023 to ETB 191.44 billion in FY2026, providing a stable funding base for lending activities and operational requirements.

2. Strong Liquidity Management

The Bank maintains adequate liquidity buffers through cash balances, balances with banks, and investment securities. These resources provide flexibility to meet customer withdrawals, regulatory requirements, and financing commitments.

3. Positive Operating Cash Flow Generation

The Bank generated strong positive operating cash flows in FY2025, supported by deposit growth, operational efficiency, and effective balance sheet management. Net cash from operating activities was ETB 9.37 billion in FY2026, after an ETB 28.45 billion increase in loans and advances.

4. Reduced Dependence on Wholesale Borrowing

While customer deposits represent external funding from depositors, the Bank has limited reliance on wholesale borrowing. Borrowings from the National Bank of Ethiopia declined from ETB 2.5 billion in FY2024 to nil in FY2025, strengthening financial flexibility. There was no NBE borrowing at 30 June 2026.

5. Capital and Earnings Support

Continued profitability and retained earnings growth strengthen the Bank's capital position and support sustainable balance sheet expansion.

Based on the Bank's audited financial position, operating cash flows, liquidity resources, and stable deposit funding base, the Bank considers its working capital position adequate to support its current operational requirements and planned business activities over the next twelve months. The Bank continues to actively monitor liquidity risk through internal liquidity management frameworks, regulatory compliance monitoring, and prudent asset-liability management practices. The liquidity and capital adequacy projection for November 2026 to October 2027, and its sensitivity to deposit growth, is set out in Table 112A.

7.7 Capitalization and Indebtedness

The following capitalization and indebtedness information has been extracted from the Bank's audited financial statements as at 30 June 2026, which represent the latest available financial information. Comparative information for FY2025 and FY2024 has been extracted from the Bank's audited annual financial statements for the respective periods.

The statements below are as at 30 June 2026, the date of the Bank's latest audited financial statements; movements in deposits, loans, tax liabilities and other balances since that date arise in the ordinary course of business, and the Bank's projected liquidity and capital position to October 2027 is set out in Section 7.6 (Table 112A).

Material changes since 30 June 2026. The General Assembly held on 17 October 2026 approved a FY2026 dividend of ETB 3,351,196 thousand, equal to the retained earnings shown in Table 113 (Table 81). On the 30 June 2026 figures, recognising the dividend as payable would reduce retained earnings to nil and total equity to ETB 20,267,062 thousand, and would increase total liabilities by ETB 3,351,196 thousand to ETB 203,824,274 thousand, until the dividend is paid in cash or applied by shareholders to subscribe for Offer Shares. Because Note 4.4 of the audited financial statements shows no retained earnings in the Bank's regulatory capital of ETB 17,381,797 thousand at 30 June 2026, the dividend does not change that amount (Section 7.8). The other changes since 30 June 2026 are described in Section 3.3.

The Bank's capital base was supported during the reporting period by profitability, shareholder capital contributions, retained earnings accumulation, and statutory reserve appropriations. However, the continued expansion of the Bank's balance sheet, lending portfolio, investment activities, and off-balance-sheet exposures has resulted in increased regulatory capital requirements. Accordingly, strengthening the capital base remains a strategic priority to support sustainable growth and ensure compliance with evolving prudential requirements.

Table 113: Statement of Capitalization (ETB '000)

Capital Components	30 June 2026 (FY2026)	FY2025	FY2024
Share Capital	12,800,000	11,865,240	11,160,763
Share Premium	8,672	8,672	8,672
Retained Earnings	3,351,196	1,044,291	850,085
Legal Reserve	4,572,566	3,116,351	2,810,049

Capital Components	30 June 2026 (FY2026)	FY2025	FY2024
Risk Reserve	2,881,893	1,421,491	1,110,632
Donated Capital	3,932	3,932	3,932
Total Equity	**23,618,258**	**17,459,978**	**15,944,133**

The Bank's total equity increased from ETB 15.94 billion in FY2024 to ETB 17.46 billion in FY2025 and further increased to ETB 23.62 billion as at 30 June 2026. The increase was primarily attributable to additional shareholder capital contributions, retained earnings generated from banking operations, and continued strengthening of statutory reserves.

The strengthened equity base enhances the Bank's capacity to absorb potential losses, support expansion of lending activities, maintain depositor confidence, and comply with applicable regulatory capital requirements.

Table 114: Statement of Indebtedness (ETB '000)

Indebtedness	30 June 2026 (FY2026)	FY2025	FY2024
Conventional Customer Deposits	160,604,275	146,748,610	96,969,646
Interest-Free Banking Deposits	30,832,202	27,245,690	18,680,741
Due to Other Banks	1,826,377	1,201,247	1,511,020
Borrowing from NBE	–	–	2,500,000
Lease Liabilities	429,483	473,821	499,898
Current Tax Liabilities	1,562,139	396,034	706,081
Retirement Benefit Obligation	597,856	358,840	263,394
Net Deferred Tax Liability	393,037	184,832	307,215
Other Liabilities	4,227,710	3,312,135	2,316,779
Total Liabilities	**200,473,078**	**179,921,209**	**123,754,774**

Note: FY2024 figures are as originally reported. FY2025 and FY2026 figures follow the audited FY2026 financial statements, in which the FY2025 comparatives have been re-presented.

The Bank's funding structure remains predominantly deposit-based, with customer deposits representing the primary source of funding. Customer deposits provide a stable and diversified funding base supporting lending activities, treasury operations, and investment portfolios.

While customer deposits constitute external funding sourced from customers, the Bank has maintained limited reliance on wholesale borrowing and interbank financing. This funding structure supports liquidity stability and reduces dependence on market-based borrowing.

7.8 Capital Adequacy Position

The Bank has historically maintained compliance with the minimum Capital Adequacy Ratio ("CAR") requirement prescribed by the National Bank of Ethiopia ("NBE").

Table 115: Capital Adequacy Position

Capital Adequacy	30 June 2026	FY2025	FY2024	FY2023
Capital Adequacy Ratio (CAR)	9.00%	8.86%	11.27%	11.80%
Applicable NBE Minimum Requirement	8.00%	8.00%	8.00%	8.00%

The Bank's Capital Adequacy Ratio ("CAR") declined from 11.8% in FY2023 to 11.27% in FY2024, 8.86% in FY2025, before improving marginally to 9.00% as at 30 June 2026. The decline in CAR over FY2023–FY2025 primarily reflects the faster growth of risk-weighted assets compared with the growth of regulatory capital, driven by expansion in customer lending activities, investment portfolios, and off-balance-sheet exposures.

The marginal improvement to 9.00% as at 30 June 2026 indicates a modest strengthening of the capital position relative to FY2025.

As at 30 June 2026, the Bank's CAR stood at 9.00%, compared with the applicable NBE minimum requirement of 8.00%. Accordingly, the Bank remained above the applicable minimum regulatory requirement as at that date.

Regulatory capital at 30 June 2026 was ETB 17,381,797 thousand against risk-weighted assets of ETB 193,036,583 thousand (on-balance-sheet items ETB 169,120,255 thousand; credit equivalents of off-balance-sheet items ETB 23,916,328 thousand) (Note 4.4 of the audited financial statements). The 11.0% minimum applicable from 31 December 2026 (see Going Concern, below) would, on the 30 June 2026 risk-weighted assets, require regulatory capital of approximately ETB 21.23 billion, a shortfall of approximately ETB 3.85 billion before any growth in risk-weighted assets. If the Rights Offer is fully subscribed, its gross proceeds of ETB 8.24 billion (before offer costs) would add about 4.3 percentage points to the 30 June 2026 ratio, giving an illustrative ratio of approximately 13.3% before any growth in risk-weighted assets or other change in the capital base; the proceeds will not be received before March 2027, and the projected ratios before and after their receipt are set out in Table 115A.

The Bank has projected its capital adequacy ratio under three subscription scenarios for the Rights Offer, as set out in Table 115A. The projections assume Rights Offer proceeds of ETB 4.10 billion, ETB 6.15 billion and ETB 8.20 billion under the 50%, 75% and 100% subscription scenarios, respectively (the par value of ETB 100 per share of the Offer Shares subscribed, before offer costs; at the offer price of ETB 100.45 the gross proceeds would be ETB 4.12 billion, ETB 6.18 billion and ETB 8.24 billion), and risk-weighted assets of ETB 194.64 billion at 31 December 2026 and ETB 199.69 billion at 31 March 2027, projected by the Bank from the trend in actual risk-weighted assets between June and September 2026 and in line with Directive SBB/95/2025 (Risk-Based Capital Adequacy Requirements for Banks). On these projections, regulatory capital before the Rights Offer proceeds is approximately ETB 17.67 billion at 31 December 2026 and ETB 17.61 billion at 31 March 2027.

Table 115A: Projected Capital Adequacy Ratio under the Rights Offer Subscription Scenarios

Subscription scenario	Assumed proceeds (ETB billion)	Projected CAR, 31 Dec 2026 (before proceeds are received)	Surplus/(shortfall) against 11%, 31 Dec 2026 (ETB billion)	Projected CAR, 31 Mar 2027 (after proceeds are received, if any)	Surplus/(shortfall) against 11%, 31 Mar 2027 (ETB billion)
50%	4.10	9.08%	(3.74)	10.87%	(0.26)
75%	6.15	9.08%	(3.74)	11.90%	1.79
100%	8.20	9.08%	(3.74)	12.92%	3.84
No proceeds received	nil	9.08%	(3.74)	8.82%	(4.36)

Note: Under the timetable in Table 11 the Rights Offer proceeds will be transferred to the Bank after the new shares are credited to subscribers' accounts on or about 12 March 2027. No proceeds will therefore have been received by 31 December 2026: the projected ratio at that date is 9.08% under each scenario, and it declines to 8.97% at 31 January 2027 (Table 112A) and 8.82% at 31 March 2027 if no proceeds are received. It uses the regulatory capital before proceeds implied by the Bank's projections (ETB 17.67 billion at 31 December 2026 and ETB 17.61 billion at 31 March 2027). The 31 March 2027 ratios for the 50%, 75% and 100% scenarios add the assumed proceeds to that regulatory capital. The minimum is 8% until 30 December 2026 and 11% from 31 December 2026.

Before the proceeds are received, the projected ratio is 9.08% at 31 December 2026, below the 11% minimum that takes effect on that date, a shortfall of approximately ETB 3.74 billion; the Bank's capital adequacy ratio is therefore projected to be below the 11% minimum from 31 December 2026 until the proceeds are received. Until 30 December 2026 the 8% minimum applies, and the ratio is projected to remain above it (9.10% at 31 October 2026, Section 7.6, Table 112A). After their receipt, the ratio at 31 March 2027 would be 10.87% under the 50% scenario, a shortfall of approximately ETB 256 million against the 11% minimum, leaving no

capital headroom, and 11.90% and 12.92% under the 75% and 100% scenarios. The projection to 31 October 2027 is in Section 7.6 (Table 112A). The projections assume growth in risk-weighted assets of about ETB 0.27 billion a month to December 2026 and ETB 1.68 billion a month from January 2027; the Bank intends to restrict growth in risk-weighted assets after October 2026 and to pursue capital-saving measures, the effect of which is not included in the projections. The projections are trend-based estimates of the Bank and remain subject to actual growth in risk-weighted assets, eligible regulatory capital adjustments, and the timing and realisation of the Rights Offer proceeds.

The Bank continues to monitor its capital position in light of balance-sheet expansion and associated growth in risk-weighted assets. Capital management measures include additional shareholder capital contributions, retention of future earnings, strengthening of statutory reserves, and prudent management of risk-weighted asset growth. These measures are intended to maintain an adequate capital buffer above applicable regulatory requirements while supporting sustainable business expansion.

Risk-Weighted Assets

The increase in risk-weighted assets ("RWAs") during the review period was mainly driven by:

- expansion of customer lending activities;
- growth in investment portfolios;
- increased trade finance activities;
- growth in guarantees and other contingent liabilities; and
- expansion of banking operations.

The growth in off-balance-sheet exposures, including letters of credit, financial guarantees, and other customer commitments, increased credit-equivalent exposures under the NBE capital adequacy framework, contributing to higher regulatory capital requirements.

The Bank continues to manage capital consumption through:

- prudent credit underwriting;
- sector and customer concentration limits;
- collateral management;
- portfolio monitoring;
- stress testing; and
- periodic capital planning.

Capital Management Strategy

The Bank's capital management objective is to maintain an adequate capital base that supports sustainable growth, protects depositors, absorbs unexpected losses, and ensures compliance with applicable regulatory requirements.

To achieve these objectives, the Bank intends to:

- implement the approved capital enhancement programme to strengthen regulatory capital;
- continue increasing paid-up capital through shareholder subscriptions;
- retain earnings to support internal capital generation;
- optimize risk-weighted asset growth through disciplined lending and investment decisions;
- strengthen ICAAP and forward-looking capital planning processes; and

- align capital management practices with evolving NBE prudential requirements.

Management continuously monitors capital adequacy through ICAAP, enterprise risk management frameworks, stress testing, and regulatory reporting mechanisms.

The Bank's Board of Directors and management will continue reviewing capital requirements based on projected growth, regulatory developments, risk appetite, and market conditions. Any future capital raising initiatives will be undertaken subject to shareholder approval and regulatory requirements.

7.9 Going Concern

The Board of Directors confirms that the financial information included in this Prospectus has been prepared on the going concern basis of accounting. After due consideration of the Bank's financial position, liquidity, capital adequacy, operating performance, funding profile, and projected cash flows, the Board is satisfied that the Bank has adequate resources to continue in operation for the foreseeable future, being not less than twelve (12) months from the date of this Prospectus.

This conclusion is consistent with the Directors' Responsibilities Statement, which states:

"Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement."

The Board's assessment also considered the Bank's audited financial statements as at 30 June 2026, which reported:

- Profit after tax of ETB 6.14 billion;
- Positive operating cash flows of ETB 9.37 billion;
- Cash and balances with banks of ETB 30.38 billion;
- Total assets of ETB 224.09 billion; and
- Total equity of ETB 23.62 billion.

Based on these factors, together with the Bank's stable deposit base, continued profitability, liquidity position and capital planning framework, the Board has a reasonable expectation that the Bank will continue in operational existence and meet its obligations as they fall due in the normal course of business.

7.9.1 Independent External Auditor's Declaration

The Independent External Auditor, Kokeb & Melkamu Audit Service Limited Liability Partnership, issued an unqualified audit opinion on the Bank's financial statements for the years ended 30 June 2025 and 30 June 2026, which were prepared in accordance with International Financial Reporting Standards (IFRS).

The auditor's opinion does not constitute an independent confirmation that the Bank is a going concern. Rather, the auditor concluded that management's use of the going concern basis of accounting in preparing the financial statements was appropriate and did not identify any material uncertainty related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern requiring disclosure in the auditor's report.

In its going concern assessment, the Board considered the audited financial statements for the years ended 30 June 2025 and 30 June 2026, including the Bank's financial position as at 30 June 2026.

The Bank's Capital Adequacy Ratio ("CAR") was 9.00% as at 30 June 2026 (30 June 2025: 8.86%), reflecting growth in risk-weighted assets arising from continued expansion in lending activities and off-balance-sheet exposures, management concluded that no material uncertainty exists regarding the Bank's ability to continue

as a going concern. At the reporting date, the Bank remained compliant with the minimum regulatory capital requirement then applicable.

The National Bank of Ethiopia has revised the minimum Capital Adequacy Ratio requirement to 11.0%, effective 31 December 2026. To support compliance with the revised prudential requirement, the Bank is implementing its approved capital enhancement programme through continued profit retention, additional shareholder capital contributions, statutory reserve accumulation and other capital strengthening initiatives. The Bank's projections of its capital adequacy ratio at 31 December 2026 and 31 March 2027 under 50%, 75% and 100% subscription of the Rights Offer are set out in Section 7.8 (Table 115A). Because the Rights Offer proceeds are expected to be received only after the new shares are credited to subscribers' accounts on or about 12 March 2027 (Table 11), the Bank's capital adequacy ratio is projected to be below the 11% minimum from 31 December 2026, when that minimum takes effect, until the proceeds are received (9.08% at 31 December 2026, Section 7.8, Table 115A; 8.97% at 31 January 2027, Section 7.6, Table 112A).

Based on the Board's assessment, management's going concern assessment contained in the audited financial statements, the Independent External Auditor's unqualified opinion on the FY2025 and FY2026 financial statements, and the Bank's liquidity position, profitability, operating cash flows and capital management initiatives, the Directors are satisfied that there is no material uncertainty that would cast significant doubt on the Bank's ability to continue as a going concern. Accordingly, the financial information included in this Prospectus has been prepared on the going concern basis of accounting.

7.9.2 Capital Adequacy Shortfall from 31 December 2026

On the Bank's projections (Sections 7.6 and 7.8), the position against the 11% minimum that takes effect on 31 December 2026 is as follows.

Table 115B: Projected Capital Adequacy against the 11% Minimum (ETB Billion)

Date and scenario	Risk-weighted assets	Regulatory capital	Capital adequacy ratio	Capital required at 11%	Surplus/(short fall) against 11%
31 Dec 2026 – before proceeds are received	194.64	17.67	9.08%	21.41	(3.74)
31 Jan 2027 – before proceeds are received	196.32	17.61	8.97%	21.60	(3.99)
31 Mar 2027 – no proceeds received	199.69	17.61	8.82%	21.97	(4.36)
31 Mar 2027 – 50% subscription	199.69	21.71	10.87%	21.97	(0.26)
31 Mar 2027 – 75% subscription	199.69	23.76	11.90%	21.97	1.79
31 Mar 2027 – 100% subscription	199.69	25.81	12.92%	21.97	3.84
31 Oct 2027 – 50% subscription	211.47	21.70	10.26%	23.26	(1.56)

Note: Risk-weighted assets and capital adequacy ratios are the Bank's projections in Table 115A (31 December 2026 and 31 March 2027) and Table 112A (31 January and 31 October 2027); regulatory capital at 31 January and 31 October 2027 is derived from the ratios in Table 112A. Proceeds are taken at the par value of the Offer Shares subscribed (ETB 4.10 billion, ETB 6.15 billion and ETB 8.20 billion), before offer costs, and are expected to be received after the new shares are credited on or about 12 March 2027 (Table 11). The projections exclude the effect of the Bank's intended restriction of growth in risk-weighted assets after October 2026 and of other capital-saving measures.

Before the Rights Offer proceeds are received, the shortfall increases from approximately ETB 3.74 billion at 31 December 2026 to ETB 4.36 billion at 31 March 2027, as risk-weighted assets grow while regulatory capital, which excludes FY2027 profits until they are appropriated, remains at about ETB 17.6 billion. Without additional capital, the 11% minimum at 31 December 2026 would be met only if risk-weighted assets did not exceed approximately ETB 160.6 billion, about ETB 34.0 billion (17.5%) below the projected ETB 194.64 billion. Proceeds of at least approximately ETB 4.36 billion, equivalent to about 53% of the Offer Shares at

par, would be needed for the ratio to reach 11% at 31 March 2027; on the projected growth in risk-weighted assets, the amount needed would rise to about ETB 5.65 billion, about 69% of the Offer Shares, by 31 October 2027 (Table 112A). Under the minimum (50%) subscription the ratio would remain below 11% (10.87% at 31 March 2027 and 10.26% at 31 October 2027, a shortfall of approximately ETB 1.56 billion at that date), and under 75% and 100% subscription it would exceed 11%, with surpluses of approximately ETB 1.79 billion and ETB 3.84 billion at 31 March 2027. While the ratio is below 11%, the capital adequacy restriction on the declaration of dividends applies (Section 5.4.8). The Bank's capital measures are described above and in Section 8.5.3; their effect is not included in the projections.

7.9.3 Regulatory Development

NBE Directive No. SBB/95/2025 introduces a risk-based capital framework aligned with Basel II/III principles, requiring banks to apply differentiated risk weights to on-balance-sheet exposures, off-balance-sheet exposures and eligible credit risk mitigation techniques. The revised framework strengthens the risk sensitivity of regulatory capital calculations and enhances prudential capital management across the banking sector.

The Bank continues to monitor the implementation of the revised prudential framework through its Internal Capital Adequacy Assessment Process (ICAAP), enterprise risk management framework, capital planning process and ongoing regulatory reporting.

Table 116: NBE Borrowings (ETB '000)

Borrowings from NBE	FY 2026	FY 2025	FY 2024	FY 2023
Amount	-	-	2,500,000	3,183,000

The Bank fully repaid its borrowings from the National Bank of Ethiopia during FY2025 and had no outstanding NBE borrowings thereafter, reducing refinancing risk and strengthening its funding profile.

Table 117: Due to Other Banks (ETB '000)

Deposits	June 2026	June 2025	June 2024	June 2023
Demand Deposits	165,504	254,298	177,877	468,242
Savings Deposits	1,660,874	946,949	1,333,142	1,700,444
Total	**1,826,377**	**1,201,247**	**1,511,020**	**2,168,686**

Balances due to other banks remain modest relative to the Bank's overall funding base, reflecting limited dependence on interbank funding and continued reliance on customer deposits as the primary source of funding.

Table 118: Commitments and Guarantees (ETB '000)

Items	June 2026	June 2025	June 2024	June 2023
Guarantees Issued	794,608	663,761	763,118	512,398
Letters of Credit	6,334,231	8,832,085	98,392	139,180
Total	**7,128,839**	**9,495,846**	**861,510**	**651,578**

The Bank's contingent liabilities primarily comprise guarantees and letters of credit issued in support of customers' commercial and trade finance activities. Although these commitments are off-balance-sheet exposures, they are subject to regulatory capital requirements through credit conversion factors under the NBE capital adequacy framework. Management continuously monitors these exposures through established credit risk management, collateral administration and capital planning processes.

Table 119: Undrawn Commitments (ETB Million)

Facility	June 2023	June 2024	June 2025	June 2026
Undrawn Overdrafts and Approved Loans	6,757	3,212	617	970

The substantial reduction in undrawn commitments between June 2023 and June 2025 reflects continued utilization of approved facilities, prudent credit portfolio management and ongoing monitoring of contingent lending exposures. Undrawn commitments increased to ETB 970 million as at 30 June 2026.

The Bank's capital base continues to be supported by retained earnings, shareholder capital contributions and statutory reserve appropriations. While the decline in the Capital Adequacy Ratio reflects the rapid expansion of risk-weighted assets, management is implementing the approved capital enhancement programme to strengthen regulatory capital, maintain appropriate capital buffers above minimum prudential requirements, and support the Bank's medium- and long-term growth strategy. This capital programme is intended to position the Bank to comply with the revised 11.0% minimum Capital Adequacy Ratio requirement effective from 31 December 2026.

7.10 Legal and Arbitration Proceedings

The Bank is, in the ordinary course of its banking operations, involved in various legal proceedings arising from credit recovery, contractual disputes, tax matters, employment claims, customer transactions, collateral enforcement, and other commercial banking activities. These proceedings are monitored and managed by the Bank's Legal Services Directorate, which assesses the status and potential implications of pending cases on an ongoing basis.

Management evaluates all pending litigation in accordance with applicable financial reporting standards to determine whether recognition of a provision, disclosure as a contingent liability, or no accounting adjustment is required.

Where material, the potential financial and operational implications of pending legal proceedings are considered in the Bank's risk management and financial reporting processes.

7.10.1 Materiality Threshold

For the purpose of this Prospectus, litigation, arbitration, regulatory proceedings, and other legal matters are considered material where they satisfy either the quantitative or qualitative materiality criteria adopted under the Bank's approved Risk Register and Impact Assessment Framework.

- **Quantitative Materiality**

A proceeding is considered quantitatively material where the amount claimed or the potential financial exposure equals or exceeds 0.01% of the Bank's total regulatory capital at the reporting date.

- **Qualitative Materiality**

Regardless of monetary value, a proceeding is considered material where it could reasonably be expected to have a significant effect on the Bank's:

- capital adequacy or liquidity position;
- regulatory standing or licensing status;
- governance or internal control environment;
- ability to conduct normal banking operations;
- reputation through national adverse media coverage;
- strategic objectives or business continuity;
- compliance with applicable laws or regulatory directives.

Materiality is determined using the highest applicable impact category, whether financial or non-financial, in accordance with the Bank's approved Risk Register.

Based on these criteria, the Bank has identified the following material legal proceedings outstanding as at 30 June 2026.

As of 30 June 2026 the Bank’s maximum potential exposure to claims is stated at ETB 344.1 million (30 June 2025: ETB 816.8 million), with a provision of ETB 11 million (30 June 2025: ETB 62.4 million), and contingent assets from cases initiated by the Bank estimated at ETB 302.9 million (30 June 2025: ETB 92.6 million).

7.10.2 Litigation Cases Instituted by the Bank

These proceedings primarily relate to recovery of outstanding credit facilities, fraud-related claims, and protection of the Bank's contractual rights.

Table 120: Cases Instituted by the Bank

Plaintiff	Defendant	Nature of Claim	Amount (ETB)	Court	Status
Cooperative Bank of Oromia	Demeke Zewde et al. (28 persons)	Damages arising from alleged fraud	257,424,343.76	Federal High Court (Dire Dawa Bench)	Adjourned for examination
Cooperative Bank of Oromia	Kegna General Trading PLC et al.	Recovery of outstanding debt	33,180,109.71	Oromia Supreme Court (Eastern Bench)	Adjourned for estimation
Cooperative Bank of Oromia	Munib Garad Umar et al.	Recovery of loan balance	11,492,749.56	Federal High Court (Dire Dawa Bench)	Adjourned for hearing
Cooperative Bank of Oromia	Abera Asfaw et al. (15 persons)	Damages arising from alleged fraud	13,966,680.44	Federal High Court (Dire Dawa Bench)	Adjourned for hearing
Cooperative Bank of Oromia	Gemechu Endalu et al.	Compensation for damage to collateral	3,389,993.33	Federal Court Civil Bench	Adjourned for examination
Cooperative Bank of Oromia	Orologo Prefabricated PLC	Dissolution of the company (Bank as 20% shareholder)	No monetary claim	Federal First Instance Court (5th Commercial Bench)	Dissolution ordered (approx. 12 January 2026); no appeal filed; accountant not yet appointed

The aggregate value of material proceedings instituted by the Bank as of 30 June 2026 amounts to approximately ETB 319.5 million. These actions are principally recovery proceedings intended to enforce contractual rights and recover outstanding assets. Successful resolution is expected to strengthen recoveries rather than create additional liabilities.

Orologo Prefabricated PLC. The Bank is also the plaintiff in a commercial case before the Federal First Instance Court, 5th Commercial Bench (file no. 20773), in which the Bank, as a 20% shareholder, sought the dissolution of Orologo Prefabricated PLC (Section 2.8.3). The case does not claim a sum of money and is not included in the aggregate above. The Court's decision of 4 Tir 2018 (Ethiopian calendar; approximately 12 January 2026) ordered the dissolution of the company, and the Bank's ETB 15 million investment is exposed to the outcome of the liquidation. No appeal has been filed and no accountant has yet been appointed to close the company's accounts (Section 2.8.3).

7.10.3 Litigation Cases Instituted Against the Bank

The following proceedings have been assessed as material under the Bank's approved materiality framework.

Table 121: Instituted Against the Bank

Claimant	Nature of Claim	Amount (ETB)	Court	Status
Gashawu Fikreamariam et al. (31 persons)	Shareholders' rights relating to mortgaged property	29,347,825.00	Federal High Court (Lideta Bench)	Adjourned
Hunde Lammi Cooperatives	Annulment of loan agreement	8,000,000.00	Oromia Supreme Court (Eastern Bench)	Adjourned
Sebeta Agro Industry PLC	Recovery of alleged loan overpayment	18,588,422.33	Federal High Court (Lideta Bench)	Adjourned
Teshome Kebede Kanta	Compensation relating to foreclosure	3,500,000.00	Federal High Court (Hawassa Bench)	Appeal pending
Gutema Ferisa	Recovery of cash paid to the guarantee holder	135,950,281.00	Federal High Court (Lideta Bench)	Adjourned
Ismael Jibril	Compensation and loss of rental income from mortgaged property	6,900,000.00	Federal First Instance Court (Dire Dawa Bench)	Adjourned
Menbere Kelem Work	Property ownership restitution claim involving bank-financed staff purchase	5,000,000.00	Federal First Instance Court (Lideta Bench)	Adjourned
Loya Land Engineering	Specific performance and breach of contract for non-delivery of an asset purchased at a foreclosure sale	96,926,600.00	Federal High Court (Lideta Bench)	Pending defence
Nurhamed Niguse	Claim of priority right	5,989,824.13	Federal First Instance Court (Bank and Insurance Bench)	Adjourned
Chemical Industry Corporation	Compensation for loss and damage caused by an unlawful account freeze	52,884,040.00	Federal High Court (Lideta Bench)	Adjourned
Meseret Manufacturing PLC	Bank guarantee claim	30,939,535.00	Federal High Court (Lideta Bench)	Adjourned
Fetene Wegayehu	Damages and loss of revenue arising from unlawful withholding of collateral	15,000,000.00	Federal Supreme Court (Arat Kilo Bench)	Adjourned
Customs Commission (Dire Dawa District)	CPO reversal claim	17,432,520.00	Federal High Court (Dire Dawa Bench)	Appeal pending
Kebebush W/Senbet	Property ownership restitution claim involving bank-financed staff purchase	3,500,000.00	West Arsi High Court	Adjourned
Husen Geda and his wife	Compensation	4,685,924.00	West Arsi High Court	Adjourned

The aggregate value of material proceedings instituted against the Bank as of 30 June 2026 amounts to approximately ETB 434.6 million. These are the amounts claimed in the proceedings and differ from the maximum potential exposure of ETB 344.1 million assessed in the audited financial statements, which prevail. The two amounts are measured on different bases. The amount in Table 121 is the aggregate of the sums claimed by the claimants in the 15 material proceedings and is not an estimate of the amount the Bank expects to pay. The maximum potential exposure of ETB 344.1 million is the maximum potential exposure of the Bank to the legal actions brought against it (Note 35a of the audited financial statements). Under the Bank's approach (Notes 35 and 35a), the unresolved claims are evaluated individually at the year-end, the directors assess the probability of an adverse outcome on the basis of legal advice, and cases are categorised as probable, possible or remote: a provision is recognised for probable cases (ETB 11 million at 30 June 2026), possible cases are disclosed and no action is taken for remote cases. The difference of ETB 90.5 million between the two amounts reflects these different bases.

These proceedings relate mainly to commercial disputes arising in the ordinary course of banking operations, including claims under bank guarantees, foreclosure and collateral-related claims, and compensation claims. The two largest claims, by Gutema Ferisa (ETB 135.95 million) and Loya Land Engineering (ETB 96.93 million), together account for approximately 54% of the aggregate. Management continues to defend these matters and assesses the likelihood of loss in accordance with IFRS requirements.

Reconciliation with proceedings previously disclosed. Fourteen material proceedings instituted against the Bank, with an aggregate claim amount of ETB 902,632,675.11, were outstanding before 1 January 2026. Between 1 January 2026 and 30 June 2026, 10 of these proceedings, with an aggregate claim amount of ETB 843,196,427.78, were concluded by final judicial decisions and closed, as set out in Table 121A. The remaining four proceedings (ETB 59,436,247.33) remain pending and are included in Table 121, together with 11 new proceedings (ETB 375,208,724.13) instituted against the Bank since 31 December 2025 (Table 121B).

Table 121A: Proceedings Against the Bank Concluded between 1 January 2026 and 30 June 2026

Claimant	Nature of Claim	Amount (ETB)	Court	Outcome
Ministry of Revenue (Large Taxpayers Branch)	Dividend tax assessment	379,341,812.20	Federal Cassation Bench	Unfavourable
Elsa Behon	Compensation relating to foreclosed property	12,500,000.00	Federal Cassation Bench	Unfavourable
Ministry of Revenue	Dividend tax assessment (2014 E.C.)	185,009,653.01	Federal High Court (Lideta Bench)	Unfavourable
Federal Customs Commission (Dire Dawa)	Customs payment dispute	49,400,000.00	Federal High Court (Dire Dawa Bench)	Unfavourable
Bacho Woreda Administration	Demand for payment under bank guarantee	5,455,263.64	Oromia Supreme Court	Favourable
Federal Customs Commission	Audit and assessment tax	13,177,033.60	Tax Appeal Commission	Favourable
Ministry of Revenue	VAT, interest and penalties	63,315,918.32	Tax Appeal Commission	Favourable
Ministry of Revenue	Dividend tax, interest and penalties	83,555,939.09	Tax Appeal Commission	Favourable
Wan Jin Win	Mobile banking funds transfer claim	2,596,970.00	Bishoftu City High Court	Favourable
Ministry of Revenue	Business income tax assessment	48,843,837.92	Tax Appeal Commission	Favourable
Total (10 proceedings)		**843,196,427.78**		

Of the 10 concluded proceedings, six, with aggregate claims of ETB 216,944,962.57, were decided in the Bank's favour or dismissed, with no financial loss to the Bank: three tax appeals against the Ministry of Revenue covering VAT, dividend tax and business income tax (ETB 195,715,695.33), an audit tax appeal involving the Federal Customs Commission (ETB 13,177,033.60), a bank guarantee demand by Bacho Woreda Administration (ETB 5,455,263.64) and a mobile banking claim by Wan Jin Win (ETB 2,596,970.00). Final judgments were rendered against the Bank in four proceedings with aggregate claims of ETB 626,251,465.21: two dividend tax assessments by the Ministry of Revenue (ETB 379,341,812.20 at the Federal Cassation Bench and ETB 185,009,653.01 at the Federal High Court, Lideta Bench), a customs payment dispute with the Federal Customs Commission, Dire Dawa (ETB 49,400,000.00) and a claim by Elsa Behon for compensation relating to foreclosed property (ETB 12,500,000.00). The Bank has recognised the amounts of these adverse judgments in its financial records; the audited financial statements for the year ended 30 June 2026 do not identify them separately, and the provision for legal claims was ETB 11 million at 30 June 2026 (30 June 2025: ETB 62.4 million) (Note 35a).

Table 121B: Reconciliation of Proceedings Against the Bank to 30 June 2026

Description	Number of cases	Amount (ETB)
Proceedings outstanding before 1 January 2026	14	902,632,675.11
Less: proceedings concluded between 1 January and 30 June 2026 (Table 121A)	(10)	(843,196,427.78)
Remaining proceedings	4	59,436,247.33
Add: new proceedings instituted since 31 December 2025	11	375,208,724.13
Proceedings outstanding at 30 June 2026 (Table 121)	**15**	**434,644,971.46**

7.10.4 Intervention Proceedings

The Bank is involved in the following intervention proceeding to protect its security interests.

Table 122: Intervention Proceedings

Matter	Amount (ETB)	Court	Status	Purpose
Birhanu Sora / Sochitu PLC v. Federal Ministry of Revenue	3,594,938.72	Federal Cassation Bench	Adjourned	Protection of the Bank's priority security interest.

- **Contingent Assets**

The Bank has contingent assets arising principally from legal recovery proceedings instituted against borrowers and other parties.

Because realization depends upon future court decisions and enforcement outcomes, these potential recoveries are not recognized as assets in the financial statements.

Table 123: Contingent Assets

Description	FY 2026	FY 2025	FY 2024	FY 2023
Amount (ETB million)	302.9	92.6	102.4	80.0

- **Management Assessment**

Management regularly reviews all pending litigation. Where an outflow of economic resources is considered probable and can be reliably estimated, appropriate provisions are recognized in accordance with IFRS. Matters that do not meet the recognition criteria are disclosed as contingent liabilities where required.

Based on the current status of the proceedings, legal advice received, existing provisions where applicable, and the Bank's capital and liquidity position, the Board of Directors believes that none of the pending material

legal proceedings, individually or in aggregate, is expected to have a material adverse effect on the Bank's financial position, capital adequacy, liquidity, results of operations, or its ability to continue as a going concern.

7.10.5 Disclosure of Potential ECMA Administrative Action

The Bank undertook certain issuances of ordinary shares in the ordinary course of its capital-raising activities. The principal purpose of such issuances was to support the alignment of subscribed capital with paid-up capital and to facilitate the Bank's capital management objectives. Certain shares were also allotted to existing shareholders. Such issuances constitute a potential infraction of the share registration requirements, and ECMA may take action in respect of them, including requiring the Bank to regularize or confirm the status of the issuances, imposing administrative measures, or delaying or conditioning its approval of the Offer. The Bank has included this disclosure in the interest of transparency and may undertake such further steps as may be required by ECMA or other competent authorities in connection with the regularization or confirmation of the status of such issuances.

SECTION EIGHT

8 INFORMATION ON THE OFFER OF SECURITIES

8.1 Information Concerning the Securities Being Offered

8.1.1 Type and Class of Securities being offered

The Rights Offer consists of 82,000,000 new Ordinary Shares at a fixed offer price of ETB 100.45 per share, for expected gross proceeds of ETB 8,236,900,000. The Bank has, and on completion of the Rights Offer will continue to have, a single class of shares - Ordinary Shares.

The Bank has not issued any preference shares, convertible securities, warrants or any other class of equity securities.

8.1.2 Legal basis of the Rights Offer

The issuance was authorized by a resolution of the shareholders at the 12th Extraordinary General Meeting held on 15 November 2025, in accordance with the Capital Market Proclamation No. 1248/2021, the Public Offering and Trading of Securities Directive No. 1030/2024, and the Bank's Memorandum of Association.

8.1.3 Registration of Shares

128,000,000 Existing Ordinary Shares and 82,000,000 New Shares of the Bank will be registered with the Ethiopian Capital Market Authority ("ECMA") following approval of the Registration Statement and this Prospectus.

8.1.4 Keeper of the Share Records

The Company Secretary is responsible for keeping the records of the Bank's Ordinary Shares and maintains the statutory share register at the Bank's registered office.

Company Secretary

Mr. Belete Wakbeka Hirpa

Cooperative Bank of Oromia S.C.

Bole Rwanda, Coop Transitional HQ Building

P.O. Box 16936

Addis Ababa, Ethiopia

Email: coopbank@ethionet.et

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8.1.5 Rights Attached to the Securities

The Bank has, and upon completion of the Offer will continue to have, only one class of shares, being the Ordinary Shares. The rights attached to the Ordinary Shares shall be uniform in all respects and shall form a single class for all purposes.

The rights attached to the Ordinary Shares are as set out below:

- Every Ordinary Share shall confer a right to participate in the annual net profits of the Bank and to a proportionate share in the net proceeds upon winding-up;
- The share in profits and in the net proceeds upon winding-up due to a holder of Ordinary Shares shall be calculated in proportion to their holding in the paid-up capital of the Bank;

- Every Ordinary Share shall confer voting rights, and the voting rights attached to a shareholder shall be proportional to the amount of capital represented by their Ordinary Shares;
- Every holder of Ordinary Shares shall have a pre-emptive right, in proportion to their holding, to subscribe for Ordinary Shares issued on an increase of capital;
- Every holder of Ordinary Shares shall have the right to freely transfer their shares subject to applicable laws, regulations, and prudential directives.

8.1.6 Treatment of Pre-Emptive Rights

In accordance with Article 448(1) and (2) of the Commercial Code and the applicable provisions of the Public Offer Directive, Existing Shareholders of the Bank shall enjoy Pre-emptive Rights to subscribe for the Offer Shares issued under the Rights Issue, in proportion to their respective shareholdings as recorded in the share register as at the Record Date specified in this Prospectus. Each Existing Share held at the Record Date carries one Right, and every 64 Rights entitle the holder to subscribe for 41 Offer Shares (82,000,000 Offer Shares ÷ 128,000,000 Existing Shares), as explained in Section 8.2.5. The purpose of the Pre-emptive Right is to preserve the proportional ownership interests of Existing Shareholders and to protect them against dilution of their equity and voting interests in the Bank.

Pursuant to the resolution of the General Meeting of Shareholders, the right to subscribe for the Offer Shares is reserved exclusively to Existing Shareholders. Accordingly, no External Investor shall be entitled to subscribe for, acquire, or be allotted any Offer Shares under this Rights Issue, and any application submitted by or on behalf of an External Investor shall be rejected in its entirety.

An Existing Shareholder may exercise its Pre-emptive Rights in full or in part; may renounce or transfer such Rights, in whole or in part, in accordance with applicable law and the procedures prescribed in this Prospectus; or may refrain from exercising such Rights, in which case the Rights shall lapse upon the close of the Offer Period without compensation of any kind to the holder.

Offer Shares that remain unsubscribed upon the expiry of the period for the exercise of Pre-emptive Rights shall be allotted to Existing Shareholders who are Ethiopian nationals, whether natural or legal persons, who appear on the share register as at the Record Date and who have duly applied for excess shares during the Offer Period. Such allotment shall be effected strictly in accordance with the allotment policy set out in Section 8.3.5 of this Prospectus.

8.1.7 Issue date of the Rights Offer Shares

The Offer Shares will be legally issued on or about March 12, 2027, following the close of the Offer Period, completion of allotment and ECMA's approval of the Allotment Report, and will be credited to the brokerage accounts of successful applicants in accordance with the timetable in Section 8.2.4.

The timing may change depending on the date of ECMA approvals.

8.1.8 Tax Treatment of the Securities

Investment in the Bank's securities is subject to Ethiopian tax laws, including the Federal Income Tax Proclamation No.979/2016, as amended by Proclamation No.1395/2025. According to this proclamation, the following taxes could be applicable to the holders of the securities on offer.

According to Article 57 of the Income Tax Proclamation (as amended), a resident of Ethiopia who derives income from dividends shall be liable for income tax at a rate of 15.0% of the gross amount of the dividend. Furthermore, a non-resident who derives an Ethiopian source dividend that is attributable to a permanent

establishment of the non-resident in Ethiopia shall be liable for income tax at a rate of 15.0% (15% on the gross amount of the dividend). However, a dividend tax shall not apply to a body if a body distributes a dividend to a permanent establishment in Ethiopia or to a resident that is a member of a group of companies. "Group of companies" means a company that directly or indirectly has more than one company in which it owns more than 50.0% of the shares.

According to Article 59 of the Income Tax Proclamation (as amended), a person who derives a gain on the disposal of shares shall be liable to pay income tax at the rate of 15.0%. The amount of gain on disposal of a share by a person shall be the amount by which the consideration for the disposal of the asset exceeds the cost of the asset at the time of disposal, adjusted for inflation by 30.0%.

The above summary is provided for general information only and does not constitute tax advice.

8.1.9 Transferability

The Ordinary Shares are freely transferable.

8.1.10 Public Takeover bid

No public takeover bid has been made by any third party for the Bank's Ordinary Shares during the financial year ended 30 June 2026 or from that date to the date of this Prospectus.

8.2 Terms and Conditions of the Rights Offer

8.2.1 The total amount of the Rights Offer

The Rights Offer comprises 82,000,000 Ordinary Shares at a Rights Offer Price of ETB 100.45 each. The estimated gross proceeds receivable by the Company from the Rights Offer is ETB 8,236,900,000.

8.2.2 Conditions of the Rights Offer

The Rights Offer is being made solely to Existing Shareholders.

The Rights Offer is conditional upon approval by the Ethiopian Capital Market Authority, compliance with applicable requirements of the National Bank of Ethiopia, achievement of the minimum subscription threshold set out in this Prospectus, completion of KYC and anti-money-laundering verification procedures in respect of each applicant.

8.2.3 Summary of Key Offer Terms

Table 124: Summary of Rights Offer Statistics

Particulars	Details
Fixed Offer Price per Ordinary Share	ETB 100.45
Existing Ordinary Shares before the Rights Offer	128,000,000
New Ordinary Shares offered	82,000,000
Total Ordinary Shares after the Rights Offer	210,000,000
Entitlement ratio	41 new shares for every 64 existing shares held at the Record Date (82,000,000 ÷ 128,000,000 = 0.640625), rounded down to the nearest whole share
Gross proceeds	ETB 8,236,900,000
Estimated expenses of the Rights Offer	ETB 36,195,260

Particulars	Details
Estimated net proceeds	ETB 8,200,704,740
Eligibility	Existing Shareholders on the register as at the Record Date only
Minimum subscription for the Offer to proceed	50% of the total amount offered (41,000,000 Offer Shares; ETB 4,118,450,000); the Offer is cancelled if not achieved.
Underwriting	None

The registration of existing shares does not generate proceeds for the Bank. The proceeds disclosed above relate exclusively to the issuance of new ordinary shares.

8.2.4 Expected Timetable

The following timetable represents the expected sequence of events associated with the Offer. The dates are indicative and may be subject to adjustment following regulatory approval and operational requirements.

Table 125: Expected Events and Timing of the Rights Offer

No.	Event	Expected Date
1	Approval of the Prospectus and registration of the securities by ECMA	5 November 2026 (Updated Prospectus)
2	Publication of the approved Prospectus and notice of the Rights Offer	6 November 2026
3	Record Date for entitlement to the Rights Offer	10 November 2026
4	Offer Period opens (subscription and payment begin, 09:00)	16 November 2026
5	Offer Period closes (last day for subscription and payment, 15:00)	13 February 2027
6	Verification of subscriptions and reconciliation of payments	15 February – 20 February 2027
7	Board approval of the allotment; submission of the Allotment Report to ECMA	25 February 2027
8	ECMA approval of the Allotment Report	On or about 28 February 2027
9	Notification of allotment results; refund of excess subscription monies	1 March – 7 March 2027
10	Issue of the new shares and crediting to subscribers' accounts	On or about March 12, 2027
11	Transfer of proceeds from the escrow account to the Bank	Following crediting to subscribers' accounts

Applications received outside the Offer Period, or that do not comply with this Prospectus, will be rejected.

8.2.5 How to participate

Existing Shareholders may acquire new shares in two ways:

I. Exercise of Rights. Every Existing Shareholder on the register as at the Record Date is entitled to subscribe for number of shares allocated on a pro rata basis. To exercise Rights, a shareholder must: (i) hold an active brokerage account with a licensed broker/dealer or investment bank authorized by ECMA; (ii) complete dematerialization of their existing shares (Section 8.3.2); (iii) submit a valid Subscription Form through their broker within the Offer Period; and (iv) pay the full subscription amount (shares subscribed × ETB 100.45) before or on the Offer Closing Date.

II. Excess Applications. A shareholder who has exercised their full Rights Entitlement may also apply for additional shares. Any number of shares applied for above the Rights Entitlement is treated as an Excess Application and must be paid for in full with the application; money paid for excess shares that are not allotted is refunded (Section 8.2.6). Excess Applications are met only from the Excess Pool, that is, the Offer Shares remaining after all Rights Entitlements have been allotted, are not guaranteed, and are allotted under the policy in Section 8.3.5.

Transferability of Rights. A shareholder who does not wish to exercise their Rights may transfer them to another eligible Existing Shareholder through their licensed broker/dealer or investment bank. A valid transferee may exercise the Rights on the same terms. Rights are transferred in whole Rights (one Right per

Existing Share). The transferee's Rights Entitlement is calculated on the total number of Rights it holds at the close of the Offer Period (its own Rights plus Rights received) using the same ratio of 41 ÷ 64, rounded down, and the transferor's Rights Entitlement is reduced accordingly. The Bank accepts no responsibility for transfers not made through the proper procedures.

Expiry of Rights. Rights must be exercised, sold or assigned within the Offer Period. Any Rights not dealt with by the Offer Closing Date lapse automatically without compensation, and the holder will be diluted accordingly.

8.2.6 Allotment, Refund and Crediting

Following closure of the Offer Period, the Bank will compile an Allotment Report for submission to ECMA. The report will set out the overall results of the Offer, identify any investor allotted 5% or more of the Offer Shares, and specify the number of Rights exercised and the corresponding proposed allotments. ECMA approval of the Allotment Report is required before the Offer Shares may be issued.

Upon ECMA approval, the Offer Shares will be issued and credited directly to successful applicants' brokerage accounts through their licensed broker/dealer or investment bank, on or about the date set out in the expected timetable at Section 8.2.4.

Refunds arising from scaled-back, rejected or unsuccessful applications will be made through the applicant's licensed broker/dealer or investment bank to the account from which payment was made, without interest and net of applicable bank charges, between 1 March and 7 March 2027 (Table 125).

8.2.7 The Rights Offer Period

The Rights Offer Period will commence at 09:00 on 16 November 2026 and will end at 15:00 on 13 February 2027.

Applications received outside the approved subscription period or applications that do not comply with the requirements stated in this Prospectus shall be rejected.

8.2.8 Minimum and Maximum Amount of Application

The minimum application is one (1) share. The maximum any shareholder may apply for is the sum of (i) their full Rights Entitlement plus (ii) any Excess Application, subject to the NBE ownership cap of 5% and the availability of unsubscribed shares. The cap applies to the shareholder's total holding after the Offer (Existing Shares plus Offer Shares allotted); if the Offer is fully subscribed, 5% corresponds to 10,500,000 shares (5% of 210,000,000).

8.3 Application and Subscription Process

Applications are governed by the Capital Market Proclamation No. 1248/2021, Directive No. 1030/2024 and related ECMA guidelines. All applications must be submitted through a licensed broker/dealer or investment bank authorized by ECMA; applications submitted directly to the Bank will not be accepted. Subscription funds must be deposited into the Offer escrow account, details of which will be published in the Offer Opening Notice.

8.3.1 Minimum KYC Documentation for Account Opening

All applicants must first open a brokerage account. Minimum documentation:

Individuals:

- Ethiopian national resident in Ethiopia: FAYDA ID and TIN;
- Non-resident Ethiopian national: FAYDA ID or Ethiopian passport, and TIN;
- Foreign national of Ethiopian origin: FAYDA ID, TIN and Yellow Card.

Companies and institutions: documents proving legal personality, including (as applicable): certificate of incorporation/registration; memorandum of association; ID and TIN of directors; company TIN certificate; passport photographs of directors/management; authorized signatories and specimen signatures; board resolution to open a brokerage account; power of attorney (if applicable); and company seal.

All applicants are also subject to the customer due diligence and anti-money-laundering requirements under Proclamation No. 780/2013 and applicable ECMA and NBE rules.

8.3.2 Dematerialisation of Existing Shares

The 128,000,000 existing Ordinary Shares, held by 29,601 registered shareholders as at 30 June 2026, are currently evidenced by physical certificates. Following registration with ECMA, they must be converted into electronic records at the Central Securities Depository (CSD):

1. **Open a brokerage account** with a licensed broker/dealer or investment bank (KYC requirements in Section 8.3.1).
2. **Submit a Securities Deposit Form** through the broker/dealer or investment bank, instructing deposit of the physical certificates into the brokerage account.
3. **Verification and credit.** The broker/dealer or investment bank forwards the request to the Bank's Registrar (the Share Administration function under the Company Secretary). After verification against the share register, the holdings are credited to the shareholder's brokerage account.
4. **Activation.** The dematerialized shares can then be held, transferred or traded freely once OTC trading commences.

8.3.3 Unclaimed and Undematerialised Existing Shares

Shares not yet dematerialized remain recorded in the issuer-side CSD record in the name of the registered holder. All attached rights: dividends, voting and participation in distributions on winding-up are unaffected; no share is forfeited, cancelled or diminished. However, until dematerialization is completed, the holder cannot transfer or trade the shares on the over-the-counter market, and Rights entitlements or dividends may be delayed. The Bank maintains a shareholder support facility at its head office and District Offices and will publish reminders in line with ECMA requirements. Holdings subject to pending succession, dispute or incomplete identification will be dematerialized once the Registrar verifies entitlement under the Commercial Code and the Bank's share register procedures. The related risk factor is disclosed in Section 9.

8.3.4 Procedure for Subscribing to the Rights Offer

This procedure applies to all Existing Shareholders wishing to subscribe for new Offer Shares under the Rights Offer.

1. Open a brokerage account before the Offer Closing Date (Section 8.3.1).
2. Confirm your entitlement with your broker pro-rata to your holding at the Record Date.
3. Complete the Subscription Form, stating the Rights being exercised and any excess shares applied for.
4. Pay in full: shares subscribed × ETB 100.45, plus applicable broker commission, through your broker, into the Offer escrow account. Attach the deposit confirmation to the form.

5. Submit the completed form and payment confirmation to your broker before the Offer Closing Date.

8.3.5 Allotment Policy

All allotments are subject to ECMA approval and are carried out as follows:

1. **Exercised Rights first**. Every shareholder who validly exercises Rights and pays in full is allotted the Offer Shares applied for, up to its Rights Entitlement (41 new shares for every 64 Shares, rounded down to a whole share), subject to the regulatory conditions below. All valid applications within Rights Entitlements are allotted in full before any Excess Application is considered.
2. **Excess Pool:** The Excess Pool is allotted to eligible excess applicants. If demand does not exceed supply, applicants receive their full request; if demand exceeds supply, the Excess Pool is shared among the excess applicants in proportion to their shareholdings at the Record Date, and no applicant receives more than the number of excess shares applied for. Fractions removed by rounding are added to the Excess Pool.
3. **Residual shortfall**. The Bank cancels any number of residual shortfalls at the end of the Offer period.
4. **Regulatory thresholds.** Allotments are subject to the NBE ownership cap and KYC/AML requirements. Allocations exceeding the permitted threshold are scaled back, and surplus funds refunded without interest, less relevant bank charges. Shares scaled back in this way are added to the Excess Pool and allotted to other excess applicants under the steps above.
5. **Lapsed Rights.** No allotment is made to the original holder for Rights that are transferred, renounced or allowed to lapse. Rights transferred to another eligible Existing Shareholder are exercised by the transferee, and the Offer Shares relating to Rights that lapse form part of the Excess Pool.
6. **Allotment Report**. After the Offer Period closes, the Bank will submit an Allotment Report to ECMA detailing the Offer results, proposed allotments and any shareholder set to hold 5% or more of the Rights Offer Shares. ECMA approval is required before issuance.
7. **Issuance and crediting.** Upon ECMA approval, the new shares are issued and credited directly to shareholders' accounts.

8.3.6 Publication of Results

After the Offer closes, the Bank will complete reconciliation and verification and submit the Allotment Report to ECMA within the required timeframe. Following ECMA approval, the Bank will: (i) publicly announce the allotment results; (ii) confirm allocations to successful subscribers; (iii) procure CSD crediting of the allocated shares; and (iv) complete settlement of the proceeds. The Bank will notify ECMA and relevant market infrastructure entities of the completion of the Rights Offer.

The Bank is subject to ECMA's continuing obligations on the issue of equity securities for cash.

8.4 Pricing

The Offer Price is ETB 100.45 per share. This price was set by the Board of Directors at a 30% discount to the fair value of ETB 143.50 per share, which was independently estimated by the Transaction Advisor as at 30 June 2025. In simple terms, existing shareholders are being offered the new shares at a price 30% below what an independent expert considers each share to be worth. The discount is intended to encourage shareholders to take up their rights and to reward their continued investment in the Bank.

How the Fair Value Was Determined.

The Transaction Advisor used internationally accepted valuation methods and combined the results to arrive at a single fair value per share. In simple terms:

Income-based approach (Dividend/Earnings Discount Method): The Advisor estimated the profits and dividends the Bank is expected to generate in the coming years and converted these future amounts into today's money using a discount rate that reflects the risks of investing in an Ethiopian bank. This answers the question: "What is the Bank worth based on the money it is expected to earn for its shareholders?"

Market-based approach (Comparable Companies and Transactions): The Advisor compared the Bank with similar banks, using measures such as the ratio of share price to earnings (P/E) and share price to book value (P/B), and adjusted for differences in size, growth, and market conditions. This answers the question: "What are investors paying for similar banks?"

Asset-based approach (Net Asset Value): The Advisor also considered the value of the Bank's total assets after deducting all its liabilities, as a cross-check on the other methods. This answers the question: "What would each share be worth if the Bank's net assets were divided among shareholders?"

The results of these methods were weighted and reconciled to produce the fair value of ETB 143.50 per share. No single method was relied on in isolation, which reduces the risk of the valuation being distorted by any one assumption.

Availability of the Valuation Report. The full independent Valuation Report, which sets out the detailed assumptions, financial projections, discount rates, comparable data, and calculations behind the fair value, is provided as an accompanying document to this Prospectus. Investors are encouraged to read the Valuation Report in full before making an investment decision.

Table 126: Summary of price and quantum

Item	Details
Number of new shares offered	82,000,000
Offer Price per Ordinary Share	ETB 100.45
Independent fair value per share	ETB 143.50
Board discount to fair value	30%
Gross proceeds of the Offer	ETB 8,236,900,000

8.5 Reasons for the Offer and Use of Proceeds

8.5.1 Minimum Subscription Amount

In the opinion of the Board of Directors, the minimum subscription amount that must be raised through this Rights Offer of Securities to fund the primary objectives outlined in this Prospectus is 50% of the total Rights offered amount (41,000,000 Offer Shares; ETB 4,118,450,000). If the minimum subscription is not achieved, the Offer will be cancelled and all application monies will be refunded within 30 days after the announcement of the cancellation.

8.5.2 Reasons for the Rights Offer

The net proceeds from the Rights Offer are expected to be utilized in a structured manner to support the Bank’s capital strengthening objectives, balance sheet expansion, digital transformation agenda, and regulatory compliance requirements. The allocation of proceeds is presented below:

I. Capital Strengthening and Regulatory Compliance – 70%

Approximately 70% of the net proceeds will be used to strengthen the Bank's paid-up capital and overall capital base. This allocation is intended to enhance the Bank's capital adequacy and loss-absorption capacity and to support compliance with applicable capital and prudential requirements prescribed by the NBE. The additional paid-up capital will strengthen the Bank's balance sheet and provide a stronger capital foundation for the continued growth of its banking business. It will also improve the Bank's capacity to absorb potential credit, market, operational, and other financial risks arising from its expanding operations. A significant portion of the proceeds will be used to reinforce the Bank's capital base and improve its Capital Adequacy Ratio (CAR). This allocation will support compliance with the minimum regulatory capital requirement of 11% effective from 31 December 2026, as introduced by the National Bank of Ethiopia.

II. Balance Sheet Expansion and Lending Growth – 30%

Funds will be deployed to expand the Bank's earning asset base, including customer loans, trade finance, and investment portfolios. This will enhance the Bank's intermediation capacity and support priority economic sectors such as MSMEs, agriculture, and trade.

The allocation will enhance Coopbank's financial intermediation capacity and support the Bank's strategic focus on expanding access to finance for priority segments of the economy, including micro, small and medium-sized enterprises (MSMEs), agriculture, trade, and other productive sectors.

8.5.3 Sufficiency of Funds

The Board of Directors considers that the net proceeds from the Rights Offer, if the minimum subscription amount is achieved, will support the Bank's primary objectives, particularly its progress toward meeting the Basel III capital and liquidity requirements under the NBE Risk-Based Capital Adequacy Requirement Directive. On the Bank's projections, however, the capital adequacy ratio would be below the 11% minimum from 31 December 2026 until the proceeds are received after the new shares are credited on or about 12 March 2027 and, under the minimum (50%) subscription, would remain below 11% thereafter (10.87% at 31 March 2027; 10.26% at 31 October 2027 on the projection in Table 112A); these projections assume growth in risk-weighted assets of about ETB 0.27 billion a month to December 2026 and ETB 1.68 billion a month from January 2027, and the Bank intends to restrict that growth after October 2026 and to pursue capital-saving measures, the effect of which is not included in the projections (Section 7.8, Table 115A). On the same projections, proceeds equivalent to about 53% of the Offer Shares (approximately ETB 4.36 billion at par) would be required for the ratio to reach 11% at 31 March 2027 (Section 7.9.2, Table 115B).

If the net proceeds are insufficient to fund all planned activities, including general corporate purposes, the Bank will meet any shortfall through existing capital reserves and internally generated funds. The Bank may also undertake subsequent capital raises and adjust dividend distributions, as necessary, to ensure compliance with applicable NBE regulatory requirements.

8.6 Distribution and Underwriting

The Rights Offer is not underwritten, and the Bank has not entered into any underwriting arrangement in relation to the issuance of new ordinary shares.

8.7 Expenses of the Rights Offer

Coopbank shall bear all expenses related to the registration of 128,000,000 existing ordinary shares and the Rights offer for subscription of 82,000,000 new ordinary shares.

The table below provides an itemized statement of the major categories of estimated expenses incurred or expected to be incurred in connection with the issuance, registration, and distribution of the securities.

Table 127: Expense of the Offer

Description	Amount in ETB
Transaction Advisor	**12,292,350.00**
Legal Advisor	1,500,000.00
External Auditor	667,000.00
Registration Fee (ECMA) of Existing Shares	12,800,000
Registration Fee on offered shares	8,236,900
Application fee to ECMA	300,000
Advertisement and Printing	399,010
Total	**36,195,260**

8.8 Professional Parties

The following professional parties and experts have been engaged by Coopbank to provide professional advice, certify historical financial information, and provide independent legal opinions in connection with the registration of existing shares and the offer of new securities.

Table 128: Professional Parties Involved in this Transaction

Professional Party	Role	Interest in the Issuer	Material Conflict of Interest
Ethio Capital Solutions PLC	Transaction Advisor	None	None
Mehrteab and Getu Advocates LLP	Legal Advisor	None	None
Kokeb and Melkamu Audit Service LLP	External Auditor	None	None

In accordance with Articles 39 and 81 of Directive No. 1030/2024, each of the professional parties named in the table above has given its written consent to the inclusion of its name and, where applicable, its reports or opinions in the form and context in which they appear in this Prospectus. As of the date of publication, none of these experts have withdrawn their consent to act in their stated capacity. The Board of Directors and Management of Coopbank accept full responsibility for ensuring that the information disclosed is in accordance with the facts provided by these professional parties.

Coopbank confirms that there are no material conflicts of interest regarding any of the professional parties named in this Prospectus that could compromise their independence or the reliability of the advice and certifications provided. The engagement of the external auditor followed a competitive bidding process in line with internal procurement policies to ensure transparency and accountability.

Furthermore, the fees payable to Transaction Advisor are contractual and are not contingent upon the success of the capital raise in a manner that would impair their objectivity as independent advisors.

SECTION NINE

9. RISK FACTORS

9.1. Bank Specific Risks

9.1.1. Concentration risk

Concentration risk represents a significant structural vulnerability for Cooperative Bank of Oromia arising from the Bank's high dependence on a limited number of geographic regions, customer segments, economic sectors, and digital transaction ecosystems. This risk is material due to the Bank's uneven distribution of both funding and lending portfolios, which remain heavily skewed toward a narrow set of urban and economically dominant markets. As of June 2025, more than 93% of total deposits were concentrated in only two regions: Addis Ababa (approximately 60.1%) and Oromia (approximately 32.9%), leaving all other regions with a marginal share of less than 10%. At 30 June 2026, on the Bank's district-level deposit data, approximately 89.2% of deposits were held in districts in Addis Ababa (including the Head Office and Trade Service) and Oromia. On the lending side, a similar pattern exists, where Addis Ababa alone accounted for approximately 66.3% of total loan exposure at 30 June 2026, followed by Oromia with approximately 24.3% (Table 20). In addition to geographic concentration, the Bank's loan portfolio is structurally concentrated in a limited number of economic sectors, primarily corporate, trade, MSME, retail, and agriculture-related financing, which together account for more than 85% of total credit exposure. Operational concentration is also evident in digital banking ecosystems, where a limited number of high-volume agents and digital corridors process disproportionately large transaction volumes, creating systemic dependency within core service channels. This multi-layered concentration structure materially increases the Bank's sensitivity to localized shocks, sectoral downturns, and operational disruptions affecting key regions and channels.

The primary drivers of concentration risk at Cooperative Bank of Oromia are structural, strategic, and market-driven in nature. First, the Bank's historical growth strategy has been strongly anchored in urban economic hubs, particularly Addis Ababa and major Oromia cities, where commercial activity, deposit mobilization capacity, and credit demand are relatively high, resulting in a naturally concentrated funding and lending base. Second, the Bank's strong strategic focus on cooperative financing, MSME development, agriculture value chains, and trade-related lending has led to sectoral clustering of credit exposure. While these sectors align with the Bank's developmental mandate and financial inclusion objectives, they also exhibit correlated risk behavior during macroeconomic stress, increasing systemic vulnerability. Third, the rapid expansion of digital banking, agent banking networks and fintech-enabled platforms (including Michu-related ecosystems) has improved outreach and efficiency but has simultaneously introduced operational concentration risk, as a relatively small number of agents and digital corridors handle a disproportionately large share of transactions. Fourth, limited financial deepening in rural and low-density regions constrains diversification, as deposit mobilization capacity, credit demand, and economic activity remain structurally weaker outside major urban centers. Finally, rapid balance sheet expansion and aggressive growth in targeted segments have, in certain periods, outpaced portfolio diversification efforts, resulting in growth concentration rather than risk-balanced expansion.

The exposing of concentration risk could have significant financial, operational, reputational, and regulatory consequences for the Bank. From a financial perspective, high concentration increases vulnerability to regional economic downturns or sector-specific shocks, particularly in Addis Ababa and Oromia, where approximately 90% of the Bank's financial base is concentrated. Any slowdown in urban trade, construction, or corporate activity could materially impact loan performance, deposit stability, and liquidity inflows. Given the Bank's reported NPL level of approximately 6.01% as at 30 June 2026 (4.94% as at June 2025), further deterioration in concentrated segments could lead to elevated impairment charges, reduced profitability, and pressure on capital adequacy ratios. From a liquidity standpoint, reliance on short-term deposits concentrated

in limited geographic regions increases sensitivity to sudden withdrawal pressures, particularly under competitive stress or macroeconomic instability, potentially forcing the Bank to rely on more expensive funding sources and thereby compress net interest margins. From a digital and operational perspective, dependence on a limited number of high-volume agents and digital corridors exposes the Bank to operational disruption risk, where system failures or service interruptions in key nodes could significantly affect transaction continuity, customer access, and revenue flows. From a reputational and regulatory standpoint, persistent concentration levels may attract heightened supervisory attention in relation to risk diversification expectations under Basel-aligned frameworks and National Bank of Ethiopia (NBE) prudential requirements. It may also be interpreted by investors as a limitation in portfolio resilience, thereby affecting valuation perceptions, investor confidence, and future capital raising capacity. Overall, concentration risk may result in earnings volatility, elevated credit losses, liquidity stress, operational fragility, and reduced strategic resilience under adverse macroeconomic or sector-specific conditions.

9.1.2. Liquidity Risk

Liquidity risk is a material vulnerability for Cooperative Bank of Oromia arising from the possibility that the Bank may be unable to meet its financial obligations in a timely manner without incurring excessive funding costs or realizing losses. This exposure is structurally significant due to the Bank's funding profile, which is dominated by short-term deposits, combined with rapid balance sheet expansion and strong dependence on a concentrated depositor base. As of June 2026, total deposits stood at approximately ETB 191.44 billion, of which more than 93% was concentrated in Addis Ababa and Oromia regions as at June 2025 (approximately 89.2% in districts in Addis Ababa and Oromia at 30 June 2026), indicating a narrow funding geography that increases sensitivity to localized economic and competitive pressures. On the asset side, total loans reached approximately ETB 141.62 billion (net financing, as reported on the statement of financial position), reflecting sustained credit expansion that is not fully matched by stable long-term funding instruments. In addition, a large portion of the deposit base is transactional and short-term in nature, particularly from retail, government, and institutional clients, which increases the volatility of available liquidity buffers and exposes the Bank to frequent intra-period cash flow fluctuations. At 30 June 2026, ETB 13.55 billion of the Bank's cash and balances with banks of ETB 30.38 billion was the mandatory cash reserve held with the National Bank of Ethiopia, and ETB 19.82 billion of its ETB 27.50 billion of financial assets at amortized cost was classified as non-current in the audited financial statements (Section 7.6). On the projection in Table 112A, the liquidity ratio would remain above the 15% minimum to October 2027 if deposits grow as assumed, but would fall below 15% by 31 January 2027 if deposits did not grow while lending grew as projected (Section 7.6).

The liquidity profile is primarily shaped by a combination of structural, behavioral, and operational factors. First, the Bank's reliance on short-term and demand-driven deposits creates an inherent maturity mismatch between liabilities and long-term lending assets, limiting the predictability of cash inflows relative to outflows. Second, the heavy geographic clustering of deposits in Addis Ababa and Oromia increases dependence on localized economic activity and customer behavior, meaning that regional economic stress, intensified competition, or shifts in depositor confidence in these areas can disproportionately affect the overall funding position. Third, the rapid expansion of the loan book, particularly in MSME and retail segments, has outpaced the growth of more stable funding sources, increasing pressure on internal liquidity buffers and cash flow planning. Fourth, the growing integration of digital banking platforms, digital banking networks, and digital lending ecosystems such as Michu introduces real-time liquidity interdependencies, where high-frequency transactions and digital credit cycles can create sudden and concentrated liquidity movements across channels. Fifth, increased competition in the banking sector has heightened depositor sensitivity to pricing,

service quality, and digital convenience, increasing the likelihood of deposit switching behavior during periods of macroeconomic stress or market uncertainty.

The implications of liquidity risk are multi-dimensional and may affect the Bank's financial stability, operational continuity, and market confidence. From a financial standpoint, liquidity pressure may compel the Bank to access higher-cost funding sources or interbank markets under unfavorable conditions, resulting in increased funding costs and compression of net interest margins. In more constrained scenarios, the Bank may be required to liquidate financial assets before maturity, potentially incurring valuation losses and reducing overall profitability. From a regulatory standpoint, persistent liquidity strain may lead to heightened supervisory attention from the National Bank of Ethiopia (NBE), including restrictions on lending growth, enhanced reporting requirements, or corrective regulatory measures under liquidity adequacy frameworks. From an operational perspective, liquidity constraints may disrupt the Bank's ability to meet withdrawal demands, settle payment obligations, and ensure uninterrupted performance of digital banking, agent banking, and interbank settlement systems. From a reputational perspective, any perceived difficulty in honoring depositor claims or maintaining normal liquidity operations may weaken customer confidence, accelerate deposit outflows, and amplify funding instability through confidence-driven behavioral responses. Overall, liquidity risk may translate into increased funding costs, regulatory constraints, operational disruptions, and reputational pressure, particularly under conditions of market stress, heightened competition, or macroeconomic volatility.

9.1.3. Strategy Execution Risk

Strategy execution risk refers to the possibility that Cooperative Bank of Oromia may be unable to effectively translate its strategic objectives into consistent and efficient operational and financial outcomes, resulting in persistent gaps between planned targets and realized performance in profitability, efficiency, risk management, and sustainable growth. This risk is material given the Bank's broad and ambitious strategic agenda, which simultaneously targets rapid balance sheet expansion, deepening of financial inclusion, leadership in cooperative financing, MSME development, and large-scale deployment of digital ecosystems including digital banking, merchant platforms, and digital lending solutions such as Michu. Although the Bank has achieved strong expansion, with net loans and financing reaching approximately ETB 141.62 billion and total assets ETB 224.09 billion at 30 June 2026, alongside significant growth in deposits and outreach channels, through FY2025 this expansion was not fully reflected in proportional improvements in profitability and efficiency indicators, suggesting structural gaps between strategic ambition and execution outcomes. The persistence of elevated cost structures, rising cost-to-income ratios (up to FY2025), and uneven returns from digital and physical investments further indicates that growth has not always translated into commensurate value creation or operational efficiency.

The underlying causes of this risk are primarily structural, coordination-related, and governance-driven in nature. First, the Bank's strategy is inherently multi-dimensional, involving simultaneous expansion across diverse and complex business areas such as digital banking, branch network expansion, MSME financing, cooperative finance, and agent-based financial service ecosystems, which increases execution complexity and coordination burden across organizational units. Second, the rapid scaling of digital platforms, including Michu-enabled lending systems, merchant payment infrastructures, and digital banking networks, has introduced operational complexity where system integration, credit processes, customer onboarding, and risk monitoring mechanisms have not always evolved at a synchronized pace with business expansion. Third, there are indications of partial misalignment between strategic planning and resource allocation processes, where investment decisions in branches, digital infrastructure, and operational expansion have not consistently been supported by fully robust feasibility assessments, productivity benchmarking, or disciplined cost-benefit evaluation frameworks. Fourth, coordination gaps between strategic planning functions,

operational departments, and risk management units may weaken the effectiveness of performance monitoring, accountability enforcement, and timely corrective actions. Fifth, the Bank's strong growth orientation and inclusion mandate may, in certain instances, have prioritized expansion speed and outreach over efficiency optimization and return discipline, resulting in uneven performance across business lines and delivery channels.

The implications of strategy execution risk are broad and affect financial performance, operational efficiency, and institutional credibility. From a financial perspective, execution inefficiencies may result in suboptimal returns on assets and equity, where strong growth in lending, deposits, and digital platforms does not translate into proportionate earnings growth. This was reflected in declining profitability trends through FY2025 despite asset expansion, indicating efficiency dilution in value conversion. From a cost perspective, weak execution discipline contributes to rising operational expenditure and elevated cost-to-income ratios, which reached approximately 80.05% in FY2025 (before improving in FY2026, when total operating income grew by 85.6% against growth of 38.0% in operating expenses), driven by branch expansion costs, digital infrastructure investments, and administrative overheads that are not fully supported by equivalent revenue generation. From an operational perspective, execution gaps may create fragmentation in service delivery and inefficiencies in integrating branch-based, agent-based, and digital banking channels, leading to overlapping processes and reduced operational coherence across platforms. From a risk management perspective, rapid expansion without fully synchronized control systems may weaken credit discipline, portfolio monitoring, and recovery effectiveness, particularly in high-growth segments such as MSME and digital lending ecosystems. From a reputational and investor standpoint, persistent divergence between strategic targets and financial outcomes may reduce investor confidence, weaken valuation perception, and raise concerns regarding execution capability and governance effectiveness, particularly in an emerging capital market environment where transparency and performance discipline are increasingly critical. Overall, strategy execution risk may result in reduced profitability efficiency, elevated cost structures, operational fragmentation, and weakened stakeholder confidence, particularly where expansion continues without proportional strengthening of governance, operational discipline, and performance management systems.

Specifically, the Bank may not establish Coop Holdings or any subsidiary, and the expansion and ecosystem element of its Corporate Strategy may not be implemented.

The Bank's Corporate Strategy for 2025/26 to 2029/30 includes, under Strategic Pillar E (Expansion & Ecosystem), a target of five operationalized priority subsidiaries by June 2030. As at the date of this Prospectus, the Bank has not incorporated, acquired or capitalized any subsidiary and no subsidiary has commenced operations. Coop Holdings has not been incorporated and has no legal existence. The Bank has not determined the intended holding structure, the ownership of Coop Holdings or of any subsidiary, or the business areas in which any subsidiary would operate. Other than the Board's resolution of 14 June 2025 authorising management to proceed with the registration process for establishing Coop Investment Bank, which did not settle its ownership structure (Section 2.8.7), no resolution has been passed by the Board of Directors or the shareholders of the Bank in respect of any of these matters; other than the Bank's request of 7 November 2025 for the National Bank of Ethiopia's no-objection to the establishment of an investment bank, which was granted on 24 November 2025, no application has been submitted to the National Bank of Ethiopia; and no timetable has been fixed.

Implementation of this element of the Corporate Strategy depends on matters which are uncertain and, in part, outside the control of the Bank. These include the approval of the National Bank of Ethiopia and compliance with the Banking Business Proclamation No. 1360/2025 and applicable directives, including any limits on the investments a bank may make in other undertakings; the availability of retained earnings and

internally generated capital sufficient to fund any such investment without prejudicing the Bank's regulatory capital and liquidity requirements; the identification of suitable businesses to establish or acquisition targets on acceptable terms; and the availability of management capacity and specialist skills to operate businesses outside the Bank's existing banking activities.

Accordingly, there is no assurance that Coop Holdings or any subsidiary will be established or acquired, that any subsidiary will become operational, or that the FY2029/30 target of five operationalized priority subsidiaries will be achieved in whole or in part. If the Bank does not implement this element of its Corporate Strategy, it will not obtain the revenue diversification, fee income and ecosystem benefits which that strategy contemplates, it will remain dependent on its existing banking activities for substantially all of its income, and its growth, competitive position, results of operations and financial condition may be adversely affected. Investors should not attribute any value to Coop Holdings or to any prospective subsidiary in making a decision to invest in the Offer Shares.

Coop Investment Bank is a project under formation and may not be established. The Bank has itself invested ETB 323.85 million in this project (Section 2.8.7), but no legal entity has been established, its Memorandum of Association has not been approved and, other than the National Bank of Ethiopia's no-objection letter of 24 November 2025, no licence or approval has been obtained; there has been no significant progress toward its establishment over the past year. There is no assurance that Coop Investment Bank will be established, licensed or become operational, that the project will not require further capital or management attention, or that the amount committed will generate a return. The amount reserved for the project in a blocked account is not available for lending or other uses by the Bank. Investors should not attribute any value to Coop Investment Bank in making a decision to invest in the Offer Shares.

9.1.4. Operational and Digital Ecosystem Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. As one of Ethiopia's largest commercial banks, Cooperative Bank of Oromia operates an extensive branch network, agent banking infrastructure, centralized processing centres, and multiple business lines, exposing it to operational failures across its day-to-day banking activities.

The Bank's rapid expansion in customer accounts, transaction volumes, lending operations, and digital service delivery has increased operational complexity and dependence on effective internal controls, skilled personnel, process standardization, and technology infrastructure.

Operational failures may arise from process breakdowns, human error, fraud, processing delays, reconciliation failures, documentation deficiencies, cash management weaknesses, or failures in internal control systems.

If operational risk materializes, the Bank may incur financial losses, increased operating costs, regulatory sanctions, customer claims, service disruption, and reputational damage, which could adversely affect its financial condition and business performance.

9.1.4.1. Information Technology and Digital Platform Risk

The Bank increasingly depends on technology platforms to deliver banking services through its core banking system, mobile banking, internet banking, agency banking, merchant acquiring platforms, payment gateways, and digital lending solutions.

As digital banking continues to expand, uninterrupted system availability, system scalability, software reliability, and technology resilience have become critical to maintaining normal banking operations.

System failures, software defects, infrastructure limitations, telecommunications disruptions, integration failures between legacy and modern platforms, or prolonged system downtime could interrupt customer services, delay transaction processing, reduce operational efficiency, and adversely affect customer experience.

Given the Bank's strategic focus on digital banking and technology-enabled financial services, prolonged technology disruptions could materially affect revenue generation, customer confidence, and business continuity.

9.1.4.2. Cybersecurity and Information Security Risk

The Bank is exposed to cybersecurity risk arising from increasing digitalization, electronic payment systems, internet-facing applications, mobile banking services, and interconnected financial networks.

Cybersecurity threats include unauthorized system access, malware attacks, ransomware, phishing, data breaches, denial-of-service attacks, insider threats, and compromise of customer information.

A successful cyberattack could result in theft of customer data, financial losses, disruption of banking services, regulatory investigations, legal liabilities, and significant reputational damage.

Although the Bank maintains information security controls, cybersecurity frameworks, and monitoring mechanisms, there can be no assurance that such controls will prevent all cyber incidents.

9.1.4.3. Third-Party and Fintech Ecosystem Risk

The Bank increasingly relies on external technology vendors, payment service providers, telecommunications operators, fintech companies, cloud service providers, and other strategic partners to support digital banking operations.

Digital platforms such as Michu, merchant acquiring services, API integrations, and payment ecosystems depend upon the operational performance, security standards, and business continuity arrangements of third-party service providers.

Failures by these third parties, including service interruptions, cybersecurity incidents, contractual disputes, technology failures, or regulatory non-compliance, may adversely affect the Bank's operations, customer services, and regulatory compliance.

The Bank may also be exposed to concentration risk where critical services depend on a limited number of strategic technology providers.

9.1.4.4. Digital Lending and Fintech Platform Risk

The Bank's digital lending platforms, including the Michu ecosystem, rely on automated credit assessment models, digital customer onboarding, electronic verification processes, and technology-driven credit decisioning.

Continued expansion of digital lending increases dependence on model governance, system accuracy, fraud detection capabilities, data quality, and technology availability.

Model errors, inaccurate customer data, fraud, system interruptions, or failures in automated credit decision-making may result in inappropriate lending decisions, delayed loan processing, increased credit losses, operational disruption, and reduced customer confidence.

As digital lending continues to represent an important component of the Bank's financial inclusion strategy, any material disruption could adversely affect loan portfolio growth, asset quality, and profitability.

9.1.5. Capital Adequacy Risk

Capital adequacy risk refers to the risk that the Bank may not maintain sufficient regulatory capital to absorb unexpected losses, support the growth of its risk-weighted assets ("RWAs"), comply with prudential capital requirements prescribed by the National Bank of Ethiopia ("NBE"), and execute its business strategy.

This is one of the most significant risks facing Cooperative Bank of Oromia. The Bank has experienced sustained growth in its lending portfolio, customer deposits and other risk-weighted assets over the review period, while capital generation has not increased at the same pace. As a result, the Bank's Capital Adequacy Ratio ("CAR") has declined from 11.8% as at 30 June 2023 to 11.27% as at 30 June 2024 and 8.86% as at 30 June 2025. Based on the Bank's audited financial statements for the year ended 30 June 2026, the CAR is 9.00% as at 30 June 2026, compared with 8.86% a year earlier, as growth of 15.9% in the regulatory capital base only slightly exceeded growth of 14.1% in risk-weighted assets.

The National Bank of Ethiopia has revised the minimum regulatory Capital Adequacy Ratio requirement from 8% to 11.0%, effective from 31 December 2026. Although the revised requirement was not yet effective during the historical reporting period presented in this Prospectus, the Bank's reported capital ratios indicate that additional capital will be required to comply with the higher regulatory threshold while continuing to support planned business growth.

The principal drivers of this risk include rapid expansion of the Bank's loan portfolio, increasing risk-weighted assets, growth in digital lending activities, continued investment in branch and technology infrastructure, higher provisioning requirements arising from credit risk, and the resulting pressure on internally generated capital. While the Bank has continued to generate profits, through FY2025 earnings growth was constrained by rising operating expenses and increased impairment charges, limiting the pace of organic capital accumulation relative to asset growth. In FY2026 profit for the year rose to ETB 6.14 billion (FY2025: ETB 1.56 billion), while operating expenses grew by 38.0% and loan and other asset impairment charges rose to ETB 2.00 billion (FY2025: ETB 0.71 billion).

If capital adequacy risk materialises, the Bank may be required to raise additional capital from existing or new shareholders, retain a greater proportion of earnings, or implement other capital management measures to satisfy regulatory requirements. Failure to strengthen the capital base sufficiently could result in restrictions imposed by the National Bank of Ethiopia on dividend distributions, expansion of lending activities, opening of new branches, introduction of new products, acquisitions or other strategic initiatives. The Bank may also be required to reduce the growth of its risk-weighted assets or rebalance its portfolio to preserve regulatory capital ratios.

Insufficient capital buffers could also reduce the Bank's ability to absorb unexpected credit losses arising from deterioration in asset quality, increase funding and refinancing costs, adversely affect investor and depositor confidence, and weaken the Bank's competitive position within Ethiopia's banking sector. In addition, any delay in achieving compliance with future prudential capital requirements could result in enhanced supervisory oversight, corrective regulatory actions, or additional prudential measures imposed by the National Bank of Ethiopia.

Accordingly, investors should carefully consider that the Bank's capital adequacy ratios, which declined to 8.86% at 30 June 2025 and stood at 9.00% at 30 June 2026, together with the increase in the minimum regulatory CAR requirement to 11.0% effective 31 December 2026, represent a material regulatory and financial risk that could adversely affect the Bank's future growth, profitability, financial condition and ability to implement its strategic objectives. On the Bank’s projections (Section 7.8, Table 115A), the capital adequacy ratio would be below the 11% minimum from 31 December 2026 until the Rights Offer proceeds are received

after the new shares are credited on or about 12 March 2027 (9.08% at 31 December 2026; 8.97% at 31 January 2027), and under the minimum (50%) subscription would remain below 11% after their receipt (10.87% at 31 March 2027; 10.26% at 31 October 2027 on the projection in Table 112A).

9.1.6. Credit Risk

Credit risk is one of the most significant risks facing Cooperative Bank of Oromia, arising from the possibility of financial loss due to borrower default, deterioration in credit quality, or failure of counterparties to meet contractual obligations. This risk is material due to the Bank's large and rapidly expanding loan portfolio, sectoral concentration, and uneven asset quality across customer segments.

As of 30 June 2026, the Bank's total loan portfolio (principal outstanding, NBE basis) stood at approximately ETB 129.45 billion, with an overall Non-Performing Loan (NPL) ratio of 6.01% (30 June 2025: ETB 104.64 billion and 4.94%); the ratio declined to 4.79% as at 30 September 2026 (unaudited). Credit exposure is highly concentrated in a limited number of dominant segments, with corporate lending accounting for approximately 47.3% of total loans (ETB 61.21 billion), followed by agriculture and cooperatives, IFB, MSME and retail financing. In addition, trade-related activities represent an estimated 38%–42% of total exposure, indicating strong dependence on trade-finance-driven economic cycles. Asset quality performance further reveals significant divergence across segments: as at 30 June 2026, retail lending had the highest NPL ratio among the major segments at 8.36%, followed by MSME at 7.30%, agriculture and cooperatives at 6.22% and IFB at 6.18%, compared with 5.12% for corporate lending (Table 21), and retail and MSME lending accounted for 16.30% and 14.91% of total NPLs against loan shares of 11.72% and 12.27%, respectively. This uneven distribution demonstrates that credit risk is not uniformly distributed but instead concentrated in specific high-risk segments within the portfolio structure.

The primary causes of credit risk are linked to portfolio composition, borrower characteristics, and macro-financial sensitivity. The Bank's strategic orientation toward financial inclusion, MSME financing, cooperative sector development, and retail expansion has increased exposure to borrowers with limited collateral strength, weaker financial reporting standards, and higher vulnerability to income volatility. While this supports developmental objectives, it structurally elevates default probability compared to more formal corporate borrowers. In some cases, rapid credit expansion has outpaced the strengthening of underwriting discipline, post-disbursement monitoring systems, and recovery efficiency frameworks, particularly in MSME and retail segments where portfolio scaling has been fastest. Sectoral exposure to trade, construction, agriculture, and import-linked activities further increases sensitivity to input cost pressures, supply chain disruptions, and foreign exchange constraints, which directly affect borrower repayment capacity. Geographic concentration in Addis Ababa and Oromia also contributes to localized credit cyclicality, where urban business performance and regional economic sentiment significantly influence portfolio behavior. In addition, limited financial transparency among informal and semi-formal MSME borrowers reduces the reliability of traditional credit assessment models, increasing reliance on relationship-based lending decisions and historical repayment behavior.

If credit risk materializes, it may lead to financial, regulatory, and reputational consequences for the Bank. From a financial perspective, deterioration in asset quality increases impairment provisioning requirements, directly reducing profitability and weakening retained earnings accumulation. Rising defaults also reduce interest income recognition, particularly in MSME and retail portfolios where recovery processes are more prolonged and restructuring rates are higher. Given the NPL level of 6.01% as at 30 June 2026 (4.94% as at June 2025), any further deterioration, especially within the MSME and retail segments (14.91% and 16.30% of total NPLs, respectively, as at 30 June 2026), could materially impact earnings stability and exert pressure on capital adequacy through increased risk-weighted asset consumption. From a liquidity and capital

perspective, higher credit losses reduce internal capital generation capacity, increasing dependence on external funding sources to sustain balance sheet growth. From a regulatory perspective, sustained asset quality deterioration may attract enhanced supervisory oversight by the National Bank of Ethiopia (NBE), including stricter loan classification standards, higher provisioning requirements, and potential limitations on aggressive credit expansion. From a reputational perspective, visible stress in key lending segments may weaken investor confidence, depositor trust, and overall market perception of the Bank's risk management strength, particularly in a competitive banking environment where asset quality is a key performance indicator. Overall, credit risk may result in profitability erosion, capital pressure, regulatory tightening, and reputational weakening, particularly where credit growth continues to outpace improvements in underwriting discipline, monitoring systems, and recovery capacity.

9.1.7. Foreign-Exchange Gain Dependency Risk

For the year ended 30 June 2026, the Bank's net foreign-exchange gain of ETB 3.00 billion accounted for approximately 37% of its profit before tax of ETB 8.11 billion, indicating a material reliance on foreign-exchange income to sustain overall profitability. In the Ethiopian banking market, where foreign-exchange availability, allocation mechanisms, exchange-rate movements, foreign-currency transaction volumes and regulatory directives significantly influence banks' foreign-exchange operations, the sustainability of such gains remains subject to considerable uncertainty. Changes in foreign-exchange market conditions, including fluctuations in transaction volumes, reduced opportunities for foreign-currency intermediation, changes in regulatory requirements, or the normalization of gains arising from exchange-rate adjustments, could materially affect the Bank's earnings.

The FY2026 net foreign-exchange gain comprises gains arising both from foreign-currency transactions and from the revaluation of foreign-currency assets and liabilities (Section 7.3.2); the revaluation component depends on exchange-rate movements and may reverse. The Bank's overall foreign-currency open position was ETB 2.50 billion long as at 30 June 2026 (30 June 2025: ETB 1.59 billion long), so that movements in exchange rates affect the value of this position and the Bank's reported results. In addition, fees from foreign-currency transactions accounted for ETB 4.33 billion of the Bank's gross fee and commission income of ETB 5.60 billion in FY2026. Consequently, a decline in foreign-exchange gains, without a corresponding improvement in net interest income and other recurring income streams, could weaken profitability, increase earnings volatility, and undermine the predictability and sustainability of financial performance. This risk underscores the importance of diversifying income sources, strengthening core banking revenue, and monitoring the contribution of foreign-exchange gains to overall profitability.

9.1.8. Orologo Investment Risk

The Bank holds a 20% equity interest in Orologo Prefabricated PLC at a cost of ETB 15 million, which is carried at cost, with no impairment recognised, in the audited financial statements for the year ended 30 June 2026. The company never commenced business, declared profits, paid dividends or held shareholders' meetings, and by its decision of 4 Tir 2018 (approximately 12 January 2026) the Federal First Instance Court ordered its dissolution (Section 2.8.3). No appeal has been filed and no accountant has yet been appointed to close the company's accounts and distribute any remaining assets. The investment may be fully impaired, with no recovery expected; the final recoverable amount and any write-off remain subject to the independent assessment and the conclusion of the liquidation. The Bank may therefore recognise a loss of up to ETB 15 million on this investment; the Bank considers that, given its materiality threshold of ETB 100 million, a full loss would not materially affect its financial position or results of operations.

9.1.9. Dividend Distribution and Liquidity Risk

The General Assembly held on 17 October 2026 approved a dividend of ETB 3,351,195,676.72 for FY2026, equivalent to 54.5% of profit for the year of ETB 6.14 billion; shareholders may take the dividend in cash or apply it to subscribe for Offer Shares in this Rights Offer (Table 81). In prior years most of the dividend was capitalised (61.76% in FY2025). The portion taken in cash is an irrevocable cash outflow that reduces the Bank's liquid asset buffer and, unlike the capitalisation of dividends, does not increase the Bank's paid-up capital. The FY2026 profit from which the dividend is to be paid includes a net foreign-exchange gain of ETB 3.00 billion. That gain may not recur at the same level and, to the extent it arises from revaluation, has not been received in cash, while the cash dividend and the related income tax reduce the Bank's liquid assets; the Bank's projected liquidity after these payments is set out in Table 112A (Section 7.6), which assumes, as the maximum outflow, that the whole dividend is paid in cash.

9.2. Offer-Related Risks

9.2.1. Under-Subscription Risk

Under-subscription risk is highly material for Cooperative Bank of Oromia as it reflects the possibility that the Bank may be unable to raise the targeted capital amount from its existing shareholders within the Offer period. The Bank is seeking to mobilize more than ETB 8.2 billion through the proposed capital raise, with the proceeds intended to strengthen regulatory capital, support balance sheet growth, and finance strategic initiatives, including digital transformation, expansion of digital banking services, and platforms such as Michu-enabled financial services.

The level of subscription will depend primarily on the willingness and financial capacity of the Bank's existing shareholders to participate in the Offer. If the Offer is under-subscribed, the Bank may raise less capital than targeted, which could constrain its ability to implement its planned capital strengthening and business expansion initiatives and may require management to consider alternative measures to meet its capital requirements. This risk arises when the total investable demand in the market, across internal shareholders, is insufficient to fully absorb the issued shares at the intended subscription level. In such a case, the Bank may face a funding gap between planned capital requirements and actual capital raised, which may constrain its strategic and regulatory objectives. The materiality of this risk is heightened by the relatively shallow depth of Ethiopia's emerging capital market and limited historical precedent for large-scale banking equity offerings.

The under-subscription risk is primarily driven by a combination of issuer-specific performance perception, macro-financial constraints, and structural market limitations.

From an issuer perspective, investor appetite is influenced by the Bank's recent financial performance trends, including pressure on profitability, rising cost-to-income ratios, and concerns regarding efficiency of rapid expansion.

From a market perspective, Ethiopia's capital market remains in an early development stage, characterized by limited institutional investor depth, low retail investor participation, and constrained secondary market liquidity. This reduces the overall absorption capacity for large equity offerings.

From a macroeconomic perspective, high inflation, foreign exchange shortages, and competing liquidity demands within the financial system reduce available investable funds for equity participation. Investors may also prefer short-term liquidity instruments over long-term equity exposure in a volatile macroeconomic environment.

In addition, limited investor awareness, absence of strong valuation benchmarks for banking stocks, and insufficient historical pricing data increase uncertainty in investment decision-making. Communication gaps or inadequate investor engagement may further reduce participation levels.

If under-subscription materializes, the Bank may be unable to fully raise the intended capital amount, resulting in a partial funding shortfall relative to its strategic and regulatory capital requirements. This may constrain the Bank's ability to fully implement planned initiatives, including expansion of digital banking infrastructure, scaling of digital and merchant ecosystems, and growth of credit portfolios.

From a financial perspective, insufficient capital mobilization may increase reliance on alternative funding sources such as interbank borrowing or short-term deposits, which may carry higher funding costs and negatively affect profitability margins. It may also limit the Bank's capacity to support asset growth in line with strategic projections.

From a regulatory perspective, a capital shortfall may delay or complicate compliance with Basel-aligned capital adequacy requirements and may attract supervisory attention from the National Bank of Ethiopia (NBE), particularly if capital buffers fall below projected thresholds. On the Bank's projections, if only the minimum (50%) subscription is achieved, the capital adequacy ratio would remain below the 11% minimum after the proceeds are received (10.87% at 31 March 2027, Section 7.8, Table 115A; 10.26% at 31 October 2027, Section 7.6, Table 112A) unless growth in risk-weighted assets is restricted.

From a market and reputational perspective, weak subscription performance may be interpreted as reduced investor confidence in the Bank's growth trajectory and financial resilience. This may negatively affect future capital raising ability, market valuation perception, and strategic investor engagement.

9.2.2. Regulatory Approval and Compliance Risk

Regulatory risk is highly material because the capital raising process is fully dependent on approvals from the Ethiopian Capital Market Authority (ECMA), the National Bank of Ethiopia (NBE), and other relevant supervisory bodies. As Coopbank operates within a tightly regulated banking environment, any delay or Non-compliance in regulatory processes can materially affect capital mobilization, strategic timelines, and compliance obligations.

Key factors include documentation delays, potential gaps in disclosure completeness, changes in regulatory interpretation, coordination challenges between regulatory bodies, and increasing prudential requirements related to capital adequacy, governance, and risk management. The novelty of public equity offerings in the banking sector also contributes to procedural uncertainty.

Failure or delay in obtaining regulatory approvals may result in postponement or suspension of the capital raising process, thereby affecting the Bank's liquidity strengthening and expansion plans. Non-compliance may lead to regulatory penalties, reputational damage, and increased supervisory scrutiny. In severe cases, regulatory restrictions may limit the Bank's ability to execute strategic initiatives such as digital expansion, branch network growth, and balance sheet scaling. Additionally, prolonged regulatory uncertainty may negatively affect investor confidence and reduce market participation in the Offer.

9.2.3. Share Price and Offer Price Mismatch Risk

Share price and offer price risk refers to the possibility that the market price of the Bank's shares following registration for trading on the Over-the-Counter ("OTC") market may differ materially from both the Offer Price and the shares' par value. Investors should not assume that the market price of the shares will equal or exceed either the Offer Price or the par value after commencement of trading.

The Offer Price has been determined using the valuation methodologies described in this Prospectus and was set by the Board at a 30% discount to the fair value of ETB 143.50 per share estimated by the Transaction Advisor (Section 8.4, Table 126). However, the price at which the shares may subsequently trade in the OTC market will depend on prevailing market conditions, investor demand and supply, the Bank's financial performance, macroeconomic conditions, regulatory developments, liquidity in the secondary market and other factors beyond the Bank's control.

As Ethiopia's capital market is at an early stage of development, there is limited historical trading information for banking shares, limited analyst coverage and developing price discovery mechanisms. Consequently, the market price of both the newly issued shares and the existing shares may fluctuate and may not correspond to either their par value or the Offer Price.

Factors that may influence the market price include changes in profitability, asset quality, capital adequacy, dividend expectations, interest rates, inflation, exchange rate movements, investor sentiment, regulatory developments, overall market liquidity and general economic conditions. Any actual or perceived deterioration in the Bank's financial performance or outlook may adversely affect the market price of the shares.

If the market price falls below the Offer Price, Existing Shareholders purchasing shares under this Offer may incur losses if they sell their shares in the OTC market. Similarly, existing shareholders may experience a decline in the market value of their holdings even where the Bank continues to operate profitably. Conversely, if the Offer Price is perceived to be below the Bank's intrinsic value, the Bank may raise less capital than could otherwise have been achieved.

Accordingly, prospective Existing Shareholders should carefully consider that investment in the Bank's shares involves market price risk, and there can be no assurance that the shares will trade at or above either the Offer Price or their par value after trading commences on the OTC market.

9.2.4. Dilution Risk for Existing Shareholders

Existing shareholders who do not fully exercise their Pre-emptive (Preferred) Right of Subscription under this Offer may experience dilution of their ownership interests in the Bank.

If an eligible shareholder elects not to subscribe for all or part of the new shares allocated under the Offer, and those shares are subscribed for by other existing shareholders, the non-participating shareholder's percentage ownership in the Bank will decrease. As a result, such shareholder's proportionate voting rights, entitlement to future dividends and participation in future distributions may be reduced.

The extent of dilution will depend on the level of participation by existing shareholders and the number of new shares ultimately issued under the Offer. Shareholders who do not participate may therefore have less influence over shareholder decisions requiring shareholder approval and may experience a reduction in their relative economic interest in the Bank.

Although the Offer provides existing shareholders with a Pre-emptive Right of Subscription in accordance with applicable laws and the Bank's Articles of Association, there can be no assurance that every shareholder will have the financial capacity or willingness to exercise those rights in full. Accordingly, shareholders who do not participate should carefully consider the potential dilution of both their ownership interest and voting power.

9.2.5. Regulatory, Supervisory and Enforcement Action Risk

The Bank is subject to ongoing supervision by the Ethiopian Capital Market Authority ("ECMA"), which has the power to impose administrative penalties, require remedial or corrective action, or delay approval of corporate actions, including this Offer, where it identifies regulatory non-compliance.

Of particular relevance, certain of the Bank's historical share issuances were effected prior to the entry into force of the securities registration regime currently administered by ECMA. The regulatory treatment of these historical issuances under the current regime has not yet been definitively confirmed, and ECMA may require the Bank to undertake regularisation measures, impose administrative measures, or delay or condition its approval of the Offer pending resolution of this matter.

If this risk materializes, the Bank may incur regulatory penalties, additional compliance costs, delays to the Offer timetable, and reputational damage.

9.2.6. Dematerialization Risk

As the Bank's Ordinary Shares are to be dematerialized in connection with the Offer and registration for trading on the OTC market. Dematerialization risk refers to the possibility of delay, error, or operational disruption arising from converting the Bank's existing physical share records into electronic book-entry form through the relevant central securities depository.

Risks include delays in the dematerialization timetable, discrepancies between the physical share register and dematerialized holdings, and operational or system risk at the depository or its participants. Shareholders who do not complete dematerialization in a timely manner may experience delays in trading, transferring, or otherwise dealing in their shares once OTC trading commences.

If this risk materializes, affected shareholders may face delays in accessing their holdings electronically, and the Bank may face reputational and operational consequences from register discrepancies or process delays.

9.3. Macroeconomic Risks

Regulatory and Policy Change Risk

Regulatory and policy change risk is highly material for Cooperative Bank of Oromia due to the rapidly evolving financial sector regulatory environment in Ethiopia. The Bank operates under the supervision of the National Bank of Ethiopia and is increasingly affected by reforms in monetary policy, capital adequacy frameworks, foreign exchange regulations, digital finance oversight, and emerging capital market governance structures. Given Coopbank’s large-scale digital transformation initiatives and expanding financial ecosystem (including digital banking and digital lending platforms such as Michu), regulatory sensitivity is significantly elevated.

The primary drivers include continuous updates to prudential banking regulations, Basel-aligned capital adequacy requirements, and tightening liquidity management frameworks. The transition toward more market-oriented monetary policy and foreign exchange reforms introduces additional compliance complexity and operational adjustments.

Furthermore, the expansion of digital financial services and fintech partnerships increases regulatory exposure in areas such as data governance, cybersecurity compliance, consumer protection, and third-party risk management. The emergence of Ethiopia’s capital market system introduces additional disclosure, reporting, and governance requirements. Increasing focus on ESG compliance and responsible banking practices also contributes to expanding regulatory scope.

Regulatory changes may lead to increased compliance costs, operational restructuring, and constraints on lending growth or product innovation. Sudden policy shifts in interest rates, reserve requirements, or foreign exchange directives may directly impact profitability and liquidity planning.

Non-compliance or delayed adaptation to new regulations may result in regulatory penalties, supervisory intervention, reputational damage, and restrictions on strategic activities. From a strategic perspective,

regulatory tightening may slow down expansion plans in digital banking, MSME financing, and branch growth. In severe cases, regulatory constraints may affect capital adequacy planning and limit the Bank's ability to execute long-term growth strategies.

9.4. Environmental, Social and Governance (ESG) Risks

ESG Risk

Environmental, Social, and Governance (ESG) risk is increasingly material for Cooperative Bank of Oromia due to the structure of its lending portfolio, operational footprint, and expanding role in financial inclusion through cooperative financing, MSME lending, agriculture value chains, and digital financial services (including Michu-enabled ecosystems). The Bank's exposure to sectors such as agriculture, construction, trade, transport, and manufacturing inherently embeds environmental and social sensitivities within its credit portfolio. In addition, rising regulatory expectations from the National Bank of Ethiopia (NBE), emerging capital market governance requirements, and increasing investor focus on sustainability further elevate ESG risk relevance. Failure to adequately integrate ESG considerations into credit, operations, and governance frameworks may create long-term financial, regulatory, and reputational vulnerabilities.

ESG risk is driven by both external and internal structural factors. Externally, global and domestic shifts toward sustainable finance are increasing pressure on banks to adopt environmental and social due diligence standards, climate risk assessments, and responsible lending practices. Climate change impacts such as rainfall variability, drought risk, and agricultural productivity shocks directly affect Coopbank's rural and agriculture-linked portfolio.

Social risk drivers include labor-intensive borrower sectors with variable compliance to occupational health and safety standards, customer protection concerns in digital lending ecosystems, and financial inclusion challenges across rural and low-income segments. Rapid expansion of digital financial services increases exposure to data privacy, digital exclusion, and cyber-fraud-related social risks.

Governance-related drivers include evolving regulatory expectations on transparency, risk governance, ESG reporting, AML/CFT compliance, and third-party risk management. Additionally, the rapid scaling of digital platforms, branch networks, and digital banking systems places pressure on internal control systems and governance capacity.

Failure to manage ESG risks may result in multi-dimensional consequences for Coopbank. Environmentally, climate-related shocks may increase credit default rates in agriculture-dependent portfolios and reduce borrower repayment capacity. Socially, weak customer protection mechanisms or lending practices may lead to reputational damage, customer dissatisfaction, and regulatory scrutiny, particularly in digital lending and MSME segments.

Governance weaknesses in ESG integration may result in compliance gaps, regulatory sanctions, and reduced investor confidence, especially as ESG disclosure expectations strengthen in Ethiopia's evolving financial ecosystem. Financially, ESG-related portfolio deterioration may increase Non-Performing Loans (NPLs), impair asset quality, and reduce long-term profitability.

Strategically, inadequate ESG integration may limit access to sustainable finance opportunities, international funding lines, and institutional investor participation. Reputationally, ESG controversies or perceived weak sustainability practices may negatively affect Coopbank's brand positioning as a leading cooperative-based inclusive financial institution, ultimately constraining its long-term competitiveness and stakeholder trust.

SECTION TEN

10. OTHER RELATED MATTERS

10.1. TRADING ARRANGEMENTS

Upon receiving the requisite approval from the Ethiopian Capital Market Authority, the securities will be traded over the counter (OTC) through a Capital Market Service Provider duly licensed by the Ethiopian Capital Market Authority.

10.2. DOCUMENTS MADE AVAILABLE TO THE PUBLIC

This Prospectus, along with any related accompanying documents, Periodic and current disclosures and Coopbank's constitutional documents will be available for inspection in electronic form on the Bank's website at https://coopbankoromia.com.et/ on the Investor Relations Section.

These documents will remain accessible for a period of at least 10 years from the date of publication.

SECTION ELEVEN

11. APPROVAL OF THE PROSPECTUS

This Prospectus has been Certified and Adopted by the Board of Directors of Cooperative Bank of Oromia S.C, the Chief Executive Officer and the Senior Director of Financial Management (assigned by the Bank's management to approve this Updated Prospectus following the resignation of the Chief Financial Officer on 16 October 2026) to accept full responsibility for the information contained in the Prospectus and, to the best of their knowledge and belief, have taken all reasonable care to ensure that the information in the Prospectus is in accordance with facts and does not omit anything likely to affect the importance of such information or make the expression of such information or opinion misleading or untrue. The responsible parties can be reached at Cooperative Bank of Oromia S.C. registered address as listed in Section 1.1.

Table 129: Approval of the Prospectus

No.	Name	Position	Signature
1	Meskerem Debebe W/Mariam	Chairperson	
2	Abinet Tarekegn Gurmu	Deputy Chairperson	
3	Dr. Fikru Deksisa Sadesso	Director	
4	Deribie Asfaw Hurissa	Chief Executive Officer	
5	Meseret Assefa Godana	Director	
6	Jemal Kedir Gelgelu	Director	
7	Tegistu Shiferaw Tadesse	Director	
8	Dr. Yeshi Jima Tafa	Director	
9	Assefa Sumoro G/Mariam	Director	
10	Dejene Dadi Dika	Director	
11	Tilahun Tesfaye	Senior Director, Financial Management	

Baankii Hojii Gamtaa Oromiyaa
Cooperative Bank of Oromia
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