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EMBLEM

AHADU BANK S.C. (Under Formation)

ARTICLES OF ASSOCIATION

DECEMBER 2020




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Eyerasalem Asamere
General Manager

AHADU BANK SHARE COMPANY
ARTICLES OF ASSOCIATION

We, shareholders of the **AHADU BANK SHARE COMPANY** have adopted these Articles of Association to be integral part of Memorandum of Association.

PART ONE
RIGHTS OF SHAREHOLDERS AND SHARES

Article One
Rights of Shareholders

Each shareholder has right to:

1. Attend, suggest, oppose and vote on regular or extraordinary assemblies;
2. Request and get the resolution passed by the Company;
3. Get share of net profit of the Company as well as liquidated share when the Company is winding up.
4. Elect and get elected; become candidate of the Board of Directors;
5. Get shares of preemption in line with his/her previous holdings when new additional shares are issued following the increment of capital;
6. Exercise rights entitled to him/her under relevant law, Memorandum and Articles of Association.

Article Two
Share Value (Premium)

Shares cannot be valued or sold beyond their face value.

Article Three
Transfer of Shares

1. It is possible to transfer shares through sales and gift.



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Everusalem Asamere
Manager

2. Reserving stipulations set under Sub – Article (1) of this Article, if such transfer of shares leads the buyer or receiver to become influential, it should be first approved by National Bank of Ethiopia before making such transfer.
3. Transfer of share which is not registered in the Share Book is invalid.
4. Transfer of share is done in writing based on directive issued by the Board periodically.
5. If one of the co-shareholders of shares dies, rights following shares shall be transferred to heirs.

Article Four

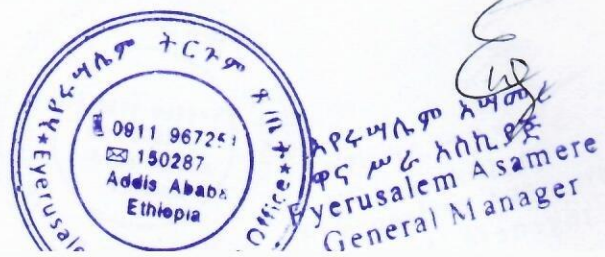
Co-Shareholders, Guarantee and Surety Rights

1. Co-shareholders who own shares jointly shall appoint an agent. They will register the name and address of the appointed agent in Share Book. The Company shall deliver a call for meeting to this appointed agent.
2. A person who deposits shares as guarantee or surety should register his/her name, address and reason for deposit. The Company is delivering the warning notice to the shareholder and beneficiary of the guarantee/surety/.

Article Five

Share Book

1. The General Manager shall keep and maintain Share Book at the Head Office containing detail list of shareholders. The Book should contain items required by the Law, Memorandum and Articles of Association.
2. When an error is discovered in the Book, Manager of the Company shall facilitate the correction of such error within thirty days.
3. The fee for inspection of the book as well as take its extracts is determined by the Board of Directors. Nevertheless, any shareholder may see the Book free of charge.



Article Six

Obligations of Shareholders not paying their Premium

1. A shareholder, who has not paid the remaining premium within the set period, shall pay it adding 12% interest on it.
2. However, if a shareholder for whom a warning notice was delivered to him/her to pay the remaining premium with recommended letter fails to pay it within fifteen days after recipient of the warning letter, the Company can sell these unpaid shares through auction or bid. The procedure shall be as stipulated under the provisions of Article 342 of the Commercial Code.

Article Seven

Lost Share Certificate

If the share certificate issued by the Company is damaged, spoiled, lost or stolen, it will be given again by charging service charge based on the Instruction of Board of Directors.

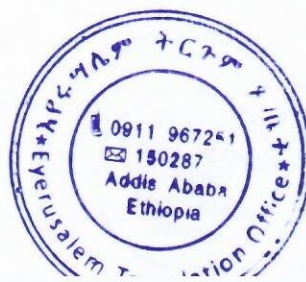
PART TWO

ASSEMBLIES

Article Eight

General

1. The Regular General Assembly of the Company should take place at least once in a year within the first six months after the completion of the financial year.
2. Extraordinary General Assembly of the Company may be convened at any time.



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Fyerusalem Asamere
General Manager

3. A call for meeting for Regular or Extraordinary General Assembly will be announced on Legal Newspaper published in the country or Electronic Medias 15 days before the date of the Assembly.
4. If the Assembly cannot be held for failure of attaining the quorum set for Regular or Extraordinary General Assembly, Second and Third Calls of meeting may be done in accordance with Articles 393 and 394 of the Commercial Code.
5. Except those affairs or matters to be decided by other Assemblies as determined or required by relevant law, Memorandum and Articles of Association, Regular General Assembly of the Company can discuss and pass resolutions on any cases or agendas. Not limited to the generality of this stipulation, these Assemblies shall have powers and duties as follows.

Article Nine

Powers and Duties of the Regular General Assembly

1. Shall hear, review, approve or when necessary, disapprove Balance Sheet, Profit and Loss Statement, Board and Auditor Reports of the Financial year;
2. Shall deliberate and approve the annual profit distribution presented by the Board;
3. Shall appoint, remove board members and auditor as well as determine their allowance or service fee or remunerations;

Article Ten

Powers and Duties of the Regular General Assembly

1. Shall review or amend Memorandum and Articles of Association of the Company.
2. Shall decide the increment or decrement of the Capital of the Company.



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Fyerusalem Asamere
General Manager

3. Shall also decide on change of name and nationality of the Company, amalgamation with another company or winding up of the Company.

Article Eleven

Call for Meeting of the General Assembly

1. Reserving provisions of other laws, call for meeting of the General Assembly is announced by Board of Directors of the Company.
2. The message of the call should contain all information required by relevant law, Memorandum and Articles of Association.

Article Twelve

Participation, Attendance and Minutes

1. The Company should maintain Attendance Sheet for members attending each Assembly by virtue of Article 403 of the Commercial Code.
2. Deliberations and arguments made on the Assembly shall be compiled into Minutes in accordance with Articles 411 and 412 of the Commercial Code.

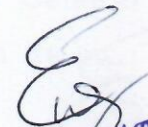
Article Thirteen

Right to Inspect Documents of the Company

Any member reserves right to, at any time, inspect or take copies of the following documents by personally appearing to the Head Office of the Company. The following are documents to be provided.

1. Balance Sheet, Profit and Loss Statement;
2. Directors' and Auditors' Reports presented to General Assembly for the past three financial years; and
3. Minutes and attendance of members kept and maintained during these General Assemblies.




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Eyerusalem Asamere
General Manager


2. The Secretary may not be a shareholder.

Management of the Assembly

1. Reserving the provision of other law, the chairperson all Assembly is the Chairperson of Board of Directors. At his/her absence, senior member of the Board of Directors shall do and act as Chairperson.
2. Two volunteer shareholders with high shareholdings /votes/ will be assigned as counters of votes on any Assembly.
3. Any resolution is adopted and passed by counting votes.
4. As per provisions set under Articles 421 and 425 of the Commercial Code regarding Quorum, majority vote and resolution:-
 - 4.1. For Regular Assembly and First Call, twenty five percent of shareholders out of entitled voting shareholders should attend the meeting. For the second call, the quorum shall be attained regardless of the number of attendance and the Assembly will be held. The Resolution is also passed with majority votes of attending members.
 - 4.2. For Regular Assembly and First Call, 50% of shareholders out of entitled voting shareholders should attend the meeting. For the second call, the quorum shall be attained with the attendance $1/3^{\text{rd}}$ of shareholders while at least $1/4^{\text{th}}$ of shareholders for third call. The Resolution is also passed with majority votes of $2/3$ of attending members.
 - 4.3. For Special Assembly and First Call, 50% of shareholders out of entitled voting shareholders should attend the meeting. For the second call, the quorum shall be attained with the attendance



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Jerusalem Asamere
Manager


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Jerusalem Asamere
Manager

- 1.8. Shall present recommendations or ideas which he/she assumes to be appropriate/important as well as relevant to present to the General Assembly of the Company; apply when decided.
- 1.9. May request for professional support among managers or any other person working in the Bank.
- 1.10. Shall perform other activities assigned to them by the General Assembly of Shareholders.
- 1.11. Shall process the authentication and registration of any minutes of Assembly resolved by the General Assembly at Documents Authentication and Registration Office.
- 1.12. The Board may fully or partially delegate its powers to the CEO when necessary.
- 1.13. Directors are jointly responsible for agency of the Company.

Article Nineteen

Election and Dismissal of Directors

1. Directors are elected by Regular General Assembly of the Company in line with Directive of National Bank.
2. Reserving their rights to be reelected in compliance with Directive of National Bank and other laws, the term of serves of Directors is for three years. Nevertheless, old directors shall at any time stay at work until new directors resume office.
3. According to Directive of National Bank, the General Assembly may decide that more than 1/3rd of members of the board who served the bank for two consecutive terms of service of the Board to continue as members of the Board.
4. Voting is done with secret balloting system.
5. If one or more members of the Board of Directors during one term of service of the Board are missing or leaving, he or they will be replaced by signatories or among those who were candidates of the election of Board



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Fyerusalem Asamere
General Manager

Members at Regular Assembly and three reserves in accordance majority votes they got. The appointment of the replacement should be presented and approved at the next Regular General Assembly of Shareholders. If the appointment is approved, the replaced director shall cover the term of service of the Board. If the appointment is not accepted, the vacant space shall be filled on Annual Regular General Assembly. If remaining directors are below half, these directors should convene regular general assembly to fill or replace missing directors.

6. Members of Board of Directors shall elect their chairperson on the first meeting of their term of service being chaired by chairperson of the election committee who was in charge of leading the election process. They may remove their chairperson and replace him with another at next time.

Article Twenty

Share Book of Directors

Provisions of the Article Five of these Articles of Association shall apply on matters related to Share Book of Directors as appropriate.

Article Twenty One

Remuneration or Allowance of Directors

1. The Regular General Assembly of the Company shall decide allowance and/or lump sum or percentage of the annual profit and other payments to be paid to Board of Directors during the next financial year based on Directive of the National Bank and other relevant laws.
2. Fore payments to be made in percentage together with the net profit, such payment shall not be paid to directors until dividend is paid to shareholders. If it has been decided to transfer the net profit to the capital or legal reserve of the Company, the right of Directors to earn



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benefits from the net profit is reserved. This provision does not apply to payments to be made in lump sum.

Article Twenty Two

Meeting of Board of Directors

1. Unless decided to be held at another time or venue, Board of Directors shall hold a meeting at the Head Office of the Company.
2. Unless under force majeure accepted by Regular General Assembly, a Board of Director who fails to physically attend 75% of Meetings of Directors held in the year is deemed to leave his/her seat with his free will. Another Director may replace him/her.
3. The Board shall develop its own bylaw. All Directors should obey this Code of Conduct. A Director who fails to obey this Code of Conduct may be fired from the Board with majority vote of 3/4th members of the Board. He may be replaced in line with the Law.

Article Twenty Three

Chief Executive Officer of the Company

1. Chief Executive Officer of the Company reports to the Board and entrusted full power to do the following activities in relation of achieving objectives and goals of the Company.
 - a. Shall make all possible efforts towards the achievement of the founding objective of the Company based on the general instruction or direction issued to him by the Board of Directors.
 - b. Shall plan, coordinate, manage, administer and supervise overall activities of the Company.
 - c. Shall design and examine annual budget, action plan, financial report as well as other activities and present them to the Board; apply when authorized.



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Salem Asamere

- d. Shall hire, fire, promote, manage and decide salary and work conditions of employees other than Vice CEOs and heads and staffs who are required to appointed by Board in line with relevant law or Directive of National Bank or Resolution of Board of Directors.
 - e. Shall approve expenses or costs following the procedure and accounting system accepted by Board of Directors.
 - f. Shall present recommendation/suggestion to the Board regarding selection and appointment of external auditors auditing the accounts of the Company on annual basis.
 - g. Shall give instruction to and supervise his/her subordinates regarding procurement and sales.
 - h. Shall establish, manage as well as supervise branch officer to promote objective of the Company;
 - i. Shall extend efficient structure and procedure for internal inspection that avoid delays and enhance profitability.
 - j. Shall take administrative measures against staffs based on the Labor Law and Articles of Association of the Company.
 - k. Shall purchase, sell and dispose movable property of the Company based on the resolution of the Board of Directors.
 - l. Shall sign loan contracts with other financial institutions based on the resolution of the Board of Directors.
 - m. Shall perform other activities related to the above duties.
2. When the Board allows, CEO or his delegate attends any meeting of the Board of Directors. He may also take part in the discussion. He is, however, not authorized to vote.



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Asalem Asamere
Manager

PART FIVE
MISCELLANEOUS PROVISIONS

Article Twenty Four

Auditors

1. Regular General Assembly of the Company appoints Auditors. The term of service of Auditors shall be for three years once they are appointed by the Regular General Assembly. However, Regular General Assembly may remove Auditors at any time.
2. Auditors shall have powers set under Law, Memorandum and Articles of Association.
3. Any Auditor will have the following powers and duties.
 - A. Audit financial records and documents of the Company;
 - B. Shall audit and assure the accuracy of inventory, balance sheet and Profit and Loss statement of the Company;
 - C. Shall ensure that the report presented by the Board of Directors display the correct image or status of the Company;
 - D. See and inspect records, documents, minutes and other information which he believes to be necessary to carry out the audit;
 - E. Attend regular and any of shareholders assembly;
 - F. Discharge other duties or obligations required by law.

Article Twenty Five

Legal Reserve Fund

1. At least 25% of the net profit shall be transferred to legal reserve fund and deposited at the Company every year. When the legal reserve becomes equal to the capital of the Company, the rate transferred from net profit to legal reserve annually shall be based on the Directive of the National Bank.



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2. Regular General Assembly may decide to maintain additional or optional reserve fund when recommended by Board of Directors or Auditor.

Article Twenty Six

Accounting System

1. The Company shall have generally accepted Accounting Systems or Principles.
2. The Company is expected to close its accounts once in year on July 7. However, the first financial year will be closed on July 7 of the coming year after registration of the Company on Commercial Book.

Article Twenty Seven

Profit Allocation

1. The profit left over after deducting costs and legal reserve of the Company, as determined by Auditor shall be distributed to shareholders based on the resolution of the Annual Regular General Assembly.
2. The net profit will be distributed in proportion of the amount contributed by shareholders.
3. Date and mode of payment of dividend shall be decided by Annual Regular General Assembly.

Article Twenty Eight

Winding -Up of the Company and Liquidation

The Company may dissolve in line with the law or decision of Shareholders when authorized by National Bank based on Proclamation No. 592/2008, 1159/2019. The execution shall be as prescribed under Part 8 of the Proclamation.



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Everusalem Asamere
Manager

Article Twenty Nine

Amendment and Effective Date of Articles of Association

1. Matters which are not stated in explicit in Memorandum or these Articles of Association shall be ruled by Commercial Code and relevant laws.
2. These Articles of Association is amended by Extraordinary Assembly.
3. These Articles of Association will enter into force after adopted by General Assembly and authorized by National Bank of Ethiopia and authenticated and registered at Documents Authentication and Registration Agency.

We, members of AHADU BANK SHARE COMPANY, have signed and adopted these Articles of Association, today this ----- of 2021 in Addis Ababa.

Name and Signature of Founding Members

| No. | Full Name | Signature |
|------------|-----------------------------|------------------|
| 1 | Mekonnen Semu Mamo | Signed |
| 2 | Tigabu Haileyesus Zewdu | Signed |
| 3 | Daniel G/Medhin T/Yohannes | Signed |
| 4 | Merid Bekele W/Mariam | Signed |
| 5 | Kassahun Hailemariam Beyene | Signed |
| 6 | Anteneh Sebsibie Dibabie | Signed |
| 7 | Yoseph Desta Sebsibie | Signed |
| 8 | Sileshi Temesgen Ejigu | Signed |
| 9 | Tesfaye Bihonegn Tiku | Signed |
| 10 | Elisabeth Abraham Assefa | Signed |

Sealed

National Bank of Ethiopia



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Federal Documents Authentication and Registration Agency
Addis Ababa (Branch Ten Office)

On the reverse side

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Federal Documents Authentication and Registration Agency

Addis Ababa (Branch Ten Office)

Ref. No.: B10/1647/4A/2014

Sworn and subscribed at the office.

Signed

Temesgen Seyoum Aga

Documents Authentication and Registration Expert IV

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Federal Documents Authentication and Registration Agency

Addis Ababa (Branch Ten Office)

Revenue Stamp Authentication Seal

Reason of payment: _____

Amount in Birr: 40560

In words _____

Or stamp of Birr _____ is affixed.

Receipt No. 2888829

Date: October 1, 2021

Revenue stamp right executive

Name: _____

Signature: Signed



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and Registration Office A.A
The translation is confirmed by the
translator with affidavit



Takele Wukarian Chanko
Document Authentication &
Registration Expert IV

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FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FOREIGN AFFAIRS
SIGNATURE AND SEAL AUTHENTICATION

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Getachew Arage Yimer
Document Authentication
Officer



**Documents Authentication
and Registration Service
B/10 Office A:A**

The translation is confirmed by the
translator with affidavit

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*Tafete Yimer
Document Authentication &
Registration Expert IV*



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Getachew Arage Yimer
Document Authentication Officer