

## **SCHEDULE OF PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF DASHEN BANK S.C.**

**Purpose:** To align the governing documents of Dashen Bank S.C. with the requirements of the Ethiopian Commercial Code No. 1243/2021, Capital Markets Proclamation No. 1248/2021, the Public Offering and Trading Securities Directive No. 1030/2024, and the Directive for the Dematerialization of Publicly Offered Securities No. 1047/2025.

### **MEMORANDUM OF ASSOCIATION**

#### **Article IV – Business purpose of the Company**

The Article lists six activities and includes as a seventh, “Engage in other activities related to banking and finance”. This generally stated purpose might not be sufficient when the Company intends to take part in the various opportunities offered by the new capital market environment. Therefore, it will be good to include more specific provisions for capital market related purposes.

The following revisions are proposed for Article IV of the Memorandum of Association:

1. New sub-articles (7) and (8) will be added after the current sub-article (6).
2. The existing sub-article (7) will be renumbered as sub-article (9).

The new sub-articles will read as follows:

"7. To issue different types of securities within the bounds of applicable banking and capital market laws."

"8. To engage in the capital market as a capital market service provider, directly or through a subsidiary, as outlined in the Capital Market Service Providers Licensing and Supervision Directive No. 980/2024, as may be amended from time to time, including:

- (i) Securities Brokerage, Securities Dealing, and Securities Digital Sub-Broking
- (ii) Investment Banking, including underwriting
- (iii) Securities Custodial Services
- (iv) Securities Market Making
- (v) Securities Portfolio Management in various areas of capital market service provision."

#### **Article VIII – Distribution of Annual Profits**

In accordance with the prudential requirements of the National Bank of Ethiopia, as well as disclosure and investor protection principles under the Ethiopian Capital Market Authority (ECMA) and the draft Rulebook of the Ethiopian Securities Exchange (ESX), it is

essential to ensure that dividend distribution is conducted transparently and sustainably. Dividends must not compromise the financial soundness of the Company or its compliance with regulatory capital adequacy standards. Moreover, the market and shareholders must be informed of the dividend policy in advance to allow for predictability and fair disclosure.

**Proposed Amendment to Article VIII:**

**ARTICLE VIII – Distribution of Annual Profit**

1. At the end of each financial year, the Company shall prepare its financial statements, including the balance sheet, profit and loss account, inventory report, the Board of Directors' annual report, and the external auditors' report. These documents shall be submitted for shareholder approval at the ordinary general meeting.
2. During the fifteen consecutive days which precede the ordinary general meeting, the documents referred to in Article VIII(1) shall be made available to all shareholders whose names appear in the Company's share register for the purpose of inspection, for taking a copy of, or for sending the documents to shareholders upon their request at the shareholders' expense, in the manner provided in Article 392 of the Commercial Code.
3. The "net annual profit" of the Company shall be the amount remaining after deducting from gross income all operating expenses, provisions, taxes, depreciation, amortizations, prior-year obligations, and any other necessary charges as required under applicable laws and financial reporting standards.
4. The following appropriations shall be made from the net profit of the Company before any dividend declaration:
  - a. Twenty-five percent (25%) of the net profit shall be transferred to a legal reserve fund, in accordance with Article 22 of the Banking Business Proclamation No. 1360/2025. When the legal reserve equals the capital of the Company, the amount to be retained annually shall be as determined by a directive of the National Bank of Ethiopia. Any reduction of the legal reserve shall also be governed by such directive.
  - b. Additional amounts may be allocated to other reserve accounts created by the ordinary general meeting in accordance with the memorandum of association, as provided under Articles 433 and 461 of the Commercial Code.
5. Subject to Articles 23 and 24 of the Banking Business Proclamation No. 1360/2025, the remaining net profit may be distributed to shareholders in proportion to the number of shares they hold.
6. No dividends shall be declared or paid unless the audited annual financial statements have been approved by the general meeting of shareholders.

7. The Company shall disclose its dividend policy, and any amendments thereto, to the shareholders and the public through appropriate disclosures to the Ethiopian Capital Market Authority (ECMA) and the Ethiopian Securities Exchange (ESX), in accordance with Article 77 of the Capital Market Proclamation No. 1248/2021 and Article 107 of the Public Offering and Trading Securities Directive No. 1030/2024."

### **Article XI – Board of Directors**

The Bank Corporate Governance Directive No. SBB/91/2024, issued by the National Bank of Ethiopia requires a bank to have at least nine (9) directors in its Article 7 (1), while Article 296 (1) of the Commercial Code of Ethiopia, Proclamation No. 1243/2021 provides that the number of members of the Board of Directors may not exceed thirteen (13).

### **Proposed Amendment to Article XI:**

### **Article XI – Board of Directors**

The Company shall be directed by a Board of Directors, consisting of a **minimum of nine (9) and a maximum of thirteen (13) members**, appointed by the General Meeting to serve a three (3)-year term of office. Their appointment shall comply with the provisions of Articles 7 and 9 of the National Bank of Ethiopia's Bank Corporate Governance Directive No. SBB/91/2024 and Article 17 of the Banking Business Proclamation No. 1360/2025.

### **Article XII: Powers of the Board of Directors**

In light of the Company's engagement in capital markets, it is necessary to expand the authority of the Board of Directors to ensure timely, expert, and flexible decision-making on matters that are too technical or recurring in nature to be effectively addressed through General Meetings of Shareholders. The Board is better positioned to handle such matters efficiently and with the frequency required for regulatory and market responsiveness.

The following is the revised text for Article XII, sub-article (1), incorporating the new sub-articles (k), (l), (m), (n), (o) (p) and (q) regarding the powers of the Board of Directors:

"(1) The Board of Directors shall have the following powers:

... (Existing sub-articles (a) through (j) remain unchanged)

New sub-articles (k), (l), (m), (n), (o) (p) and (q) are hereby inserted immediately following existing sub-article (j) under Article XII(1):

(k) To resolve on the offer of securities other than those that directly increase the share capital of the Company, including but not limited to shares, bonds, debentures, notes, or other debt instruments, and derivatives in accordance with applicable laws and regulations;

(l) To oversee, initiate, and decide on matters related to the registration, admission, or listing of any securities of the Company with regulatory authorities, securities exchanges, or over-the-counter (OTC) markets, including the Ethiopian Capital Market Authority and the Ethiopian Securities Exchange;

(m) To ensure continuous compliance with capital market requirements, including disclosure obligations, reporting standards, and corporate governance duties mandated by the Ethiopian Capital Market Authority, security exchanges, over-the counter trading markets or any other relevant institution;

(n) To take all lawful measures and delegate functions necessary or incidental to the Company's engagement in capital market activities, including representation before regulators, negotiation and execution of required documentation, and implementation of capital market strategies duly aligned with resolutions of the General Meeting;

(o) To take all lawful measures necessary for the Company to obtain a Capital Market Service Provider's license;

(p) To take all lawful measures necessary for the Company to become a member of a Self-Regulatory Organization.

(q) To decide upon and take all lawful measures for the Company to establish a subsidiary or acquire a shareholding interest in an existing or newly established subsidiary, for the purpose of engaging in capital market activities as a duly licensed capital market service provider. "

Article XII of sub article (2) is also proposed to be amended to include the power of the Board of Directors to delegate any of its powers to the extent necessary to the Chief Executive Officer. The revised sub article is the following.

" The Board of Directors may delegate any of its powers to the extent necessary to the Board Chairperson or to the Chief Executive Officer or to any Offices of the Company."

### **Article XVII Publicity and Registration**

The following is the revised text for Article XVII, incorporating the requirements of the Ethiopian Commercial Code No. 1243/2021 and the Public Offering and Trading of Securities Directive No. 1030/2024:

"All registrations and matters which are required to be issued by public notice shall be effected in accordance with the relevant provisions of the Commercial Code. In addition to the foregoing, and to accommodate recent developments in legal and regulatory frameworks:

1. The Company shall publicize important information on its official website, in accordance with Article 493 of the Commercial Code.
2. In compliance with the provisions of the Public Offering and Trading of Securities Directive No. 1030/2024:
  - 2.1. The Company, as an Issuer, shall make all information required by the Directive available to the public on its website.
  - 2.2. The Company shall also provide all required information disclosure to the Ethiopian Capital Market Authority and the Securities Exchange where the Company's securities are listed, including, but not be limited to:
    - 2.2.1. Material occurrences as they happen.
    - 2.2.2. annual and semi-annual financial statements, annual reports, and financial forecasts."

## **ARTICLES OF ASSOCIATION**

### **Article III- Registration of Shares**

The following revision is proposed for Article III of the Articles of Association to align with the requirements for dematerialized securities, particularly in light of the Directive for the Dematerialization of Publicly Offered Securities No. 1047/2025:

Proposed Amendment:

"Sub-Article (3) of Article III of the Articles of Association shall be repealed, and the following sub-articles (3), (4), and (5) are added:

- (3) Securities issued by the Company shall be in incorporeal form, and all publicly issued securities shall mirror the information contained in the electronic register maintained by the Central Security Depository which contains information required by law<sup>1</sup>
- (4) The Company shall not issue certificates of securities.
- (5) All existing share certificates of the Company shall be dematerialized in accordance with the capital market dematerialization rules."

### **Article IV: Transfer of Shares**

Based on the Company's shares being listed on a Securities Exchange, which mandates free transferability and negates pre-emptive rights, and in alignment with the Capital Markets Proclamation No. 1248/2021, the Public Offering and Trading of Securities Directive No. 1030/2024, and the rules of the relevant Securities Exchange and Securities Depository, the following revisions are proposed for Article IV of the Articles of Association:

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<sup>1</sup> This aligns with the core principle of dematerialization, where securities exist as electronic records rather than physical certificates, as mandated by the Directive for the Dematerialization of Publicly Offered Securities No. 1047/2025

The listing of the Company's shares on a Securities Exchange inherently means they are freely transferable to all eligible outsiders. Consequently, any restrictions on transferability, including requirements for Board of Directors' approval for sales or the exercise of pre-emptive rights by existing shareholders, become obsolete and are prohibited under capital market regulations. Matters concerning transfers due to succession or court order are automatically effected by operation of law and are primarily handled by the securities depository in a dematerialized environment. Similarly, transfers by donation are typically of a limited magnitude and do not warrant specific Board oversight in the context of a publicly traded company where the primary mechanism of transfer is market trading.

#### 1. Sub-Article (2) of Article IV: Transfer of Shares

The existing Sub-Article (2) of Article IV of the Articles of Association shall be repealed in its entirety and replaced with the following:

"(2) Shares of the Company, being publicly traded securities, shall be freely transferable in accordance with the Capital Markets Proclamation, the Public Offering and Trading of Securities Directive, and the rules of the Ethiopian Securities Exchange and the Central Securities Depository."

#### 2. Sub-Article (3) of Article IV: Transfer of Shares (Pre-emption Right)

The existing Sub-Article (3) of Article IV of the Articles of Association shall be repealed.<sup>2</sup>

### **Article VI: Shareholders Register**

Based on the requirements for dematerialized securities under the Capital Market Proclamation and the Directive for the Dematerialization of Publicly Offered Securities No. 1047/2025, here is the revised wording for Article VI:

"1. Subject to the provisions of the **Banking Business Proclamation No. 1360/2025** and relevant directives issued by the National Bank of Ethiopia, and in light of the requirements for dematerialized securities under the Capital Market Proclamation and directives issued thereunder, the register of shareholders shall be maintained as follows:

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<sup>2</sup> With the free transferability of shares facilitated by their listing on a Securities Exchange, the concept of pre-emptive rights for existing shareholders in share transfers is no longer applicable. Therefore, the provision granting such rights and detailing their exercise based on audit reports becomes redundant and should be removed. Secondly, For one, restricting share sales to outsiders – through which an overwhelming part of transfer to outsiders could have taken place – has now been prohibited. As a result, transfer by donation can't be expected to be of such magnitude as to take up the valuable time of the Board of Directors. Secondly, successions and court order issues can be effected automatically by the operation of the law, and in the context of the capital market, are a concern more of a securities depository than of an issuer. Therefore, unless there is another business reason for keeping it, it will be good to repeal the entirety of the provision.

- (a) For all publicly offered and dematerialized securities of the Company, the definitive register of beneficial ownership shall be maintained by the Central Securities Depository in accordance with the Capital Market Proclamation, the Directive for the Dematerialization of Publicly Offered Securities, and other applicable capital market laws and directives.
- (b) The Company shall, in compliance with its obligations as an Issuer and as a licensed financial institution, maintain such internal records and cooperate with the Central Securities Depository to ensure the accuracy and integrity of all shareholder information. These internal records shall contain all details required under relevant law provisions, the Memorandum, and these Articles of Association.
2. Any error known to exist in the Company's internal records or reported concerning the Central Securities Depository's register shall be investigated and corrected. The Company's Chief Executive Officer or relevant authorized officer shall ensure that the error is investigated and corrected, in coordination with the Central Securities Depository where applicable, within thirty (30) days from its discovery or notification.
3. The Company's internal shareholder records shall be kept open for inspection by authorized persons in accordance with the Banking Business Proclamation No. 1360/2025 and other applicable laws. Access to the Central Securities Depository's register shall be governed by its operating rules and relevant capital market laws."

### **Article VIII - Replacing Share Certificates**

In light of the Company's transition to a publicly traded entity and the mandatory dematerialization of securities under the Directive for the Dematerialization of Publicly Offered Securities No. 1047/2025 (and as reflected in the proposed revisions to Article IV of the Articles of Association), the concept of physical share certificates will become obsolete. Securities will exist in incorporeal, electronic form, with records maintained by the Central Securities Depository.

Therefore, an article dealing with the replacement of physical certificates is no longer relevant.

Proposed Amendment:

Article VIII: Replacing Share Certificates shall be repealed in its entirety.<sup>3</sup>

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<sup>3</sup> The Company will no longer issue physical share certificates, and all existing certificates will be dematerialized. Consequently, provisions related to the replacement of such physical documents become redundant. Procedures for managing electronic records of securities, including those related to errors, fraud, or loss of access to accounts, will be governed by the rules and directives

## **ARTICLE IX CALLING OF GENERAL MEETINGS**

Meetings, specifically adjusting the time-frame for the regular General Assembly meeting to within six months, in line with the Ethiopian Commercial Code No. 1243/2021 and other applicable laws:

Here is the revised Article IX(1):

1. The General Assembly of Shareholders shall hold its regular meeting at the Head Office of the Company or at such other place as specified in the notice, once every year not later than six months after the end of the Company's fiscal year. Extra-ordinary General Assembly of Shareholders may be called and conducted in accordance with the provisions of the Commercial Code No. 1243/2021 and other applicable capital market laws and directives.

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of the Central Securities Depository and the Ethiopian Capital Market Authority, rather than through the re-issuance of physical certificates by the Company.