

- 5.2 The board may preferably comprise of directors who as a group provide a mixture of gender and core competencies such as banking, finance, accounting, legal, business administration, auditing, information technology and investment management.
- 5.3 The board of a bank shall comprise of non-influential shareholders whose number shall not be less than:
  - 5.3.1 one-third (1/3<sup>rd</sup>) of the total board members elected separately by such shareholders provided that such shareholders hold at least 30% and above of the subscribed capital of the bank; or
  - 5.3.2 one-fourth (1/4<sup>th</sup>) of the total board members elected separately by such shareholders provided that such shareholders hold less than 30% of the subscribed capital of the bank no matter what the proportion of their shareholding in the bank is.

## 6. General Meeting of Shareholders

- 6.1. Without prejudice to provisions in the Commercial Code of Ethiopia, the ordinary general meeting of shareholders of a bank shall:
  - 6.1.1. strive in a good faith that only competent and reliable persons who can enrich good corporate governance and add value to the bank are elected or appointed as a board;
  - 6.1.2. decide upon the appointment and service fee of an external auditor as proposed by the board and this power shall not be delegated to any other organ or body in the bank's structure;
  - 6.1.3. ensure that the board is held accountable and responsible for the inefficient and ineffective governance;
  - 6.1.4. establish "Nomination Committee":
    - a. elected from and by shareholders,
    - b. composed of not less than five shareholders,
    - c. that is directly accountable to it,
    - d. independent from the board of the bank, and
    - e. shall not have a seat on the board of the bank;
  - 6.1.5. specify the number of candidates for board membership to be shortlisted by Nomination Committee. However, such number shall not be less than twice the number of board seats in the bank;
  - 6.1.6. where elected Nomination Committee members fail or where the Committee is not yet established to discharge the duties as stipulated in these Directives for any reason, proceed with the election of board by assigning on the spot a new committee that handles board election process on the date the meeting is being conducted; and
  - 6.1.7. approve internal rules and procedures for nomination of potential candidates for the board by the Nomination Committee.
- 6.2. At least two of Nomination Committee members stipulated under 6.1.4 herein above, no matter what the committee's size is, shall be non-influential shareholders.
- 6.3. An employee of a bank shall not be a member of Nomination Committee.
- 6.4. A Nomination Committee shall be established one year prior to the end of the term of outgoing board and its duty shall expire upon election and approval of the new incoming board by the National Bank.
- 6.5. Nomination Committee shall be elected as per the provision set in the commercial code for board mutatis mutandis.

