

# ARTICLES OF ASSOCIATION

## OF

### SANASA DEVELOPMENT BANK LIMITED

(As adopted by Special Resolution passed on the 24<sup>th</sup> day of May 2012 )

1. The Rules contained in the Model Articles in the First Schedule to the Companies Act No. 7 of 2007 unless incorporated in these Articles, shall not apply to the Company which shall be governed by the regulations contained in these Articles subject to any repeal, alteration or addition by special resolution and in the event of there being any conflict in the provisions contained herein and the provisions in the Companies Act aforesaid or in the event of these Articles being silent on any matter, the provisions if any, in the said Companies Act in relation thereto, shall apply to the Company and provided further that notwithstanding anything to the contrary contained herein, these Articles shall always be subject to the provisions in the Statutes and more particularly the Banking Act No.30 of 1988 and any amendments and/or modifications thereto together with any, regulations, orders, directions and determinations made there under and the provisions of the Banking Act which shall at all times prevail over and supersede the provisions of any other law in force for the time being.

## 2. DEFINITIONS / INTERPRETATION

- 2(1) In these Articles, if not inconsistent with the subject or context the words and terms used herein shall have the same meaning as in the Companies Act and the Statutes and as provided hereunder;

### Words

### Meanings

Articles

shall mean these Articles as amended from time to time by special resolution

Banking Act

means the Banking Act No. 30 of 1988, and any amendments and/or modifications made thereto from

	time to time and any regulations, rules, or any directions made there under.
Company	shall mean “SANASA DEVELOPMENT BANK LIMITED” a limited company referred to in the Companies Act
Companies Act	shall mean the Companies Act No. 7 of 2007, and all amendments thereto including all regulations made there under and every other legal enactment that may repeal substitute or replace the Companies Act No. 7 of 2007
Executive Director	shall mean an employee of the Company who has been appointed by the board and referred to in Article 6 (9)
Non Executive Independent Director	shall mean a director appointed as such in compliance the Banking Act and referred to in Article 6(1) (iii) (a)
Nomination Committee	shall mean the nomination committee appointed in compliance with the Banking Act.
Non Executive Director	shall mean a director of the board other than the Executive Director, or Non Executive Independent Director
Statutes	Shall mean collectively the Banking Act, the Monetary Law Act (Chapter 422) and any amendments/modifications made thereto from time to time and any other applicable laws, orders, directives, rules and regulations concerning Banks and Companies other than the Companies Act.
Senior Director	shall mean the director referred to in Article 6 (8)

**2(2)** Unless the context otherwise requires;

- (i) the reference to the word 'Bank' in the Statutes should be assumed as referring to the Company.
- (ii) words importing the singular number in these Articles shall include the plural and vice versa.
- (iii) save as aforesaid any words or expressions defined or referred to these Articles shall bear the same meaning as those in the Companies Act.
- (iv) where any enactment, regulation or directive is referred to in these Articles if such enactment regulation or directive has been amended or modified or superseded, such amended, modified or superseded enactment regulation or directive shall be deemed to be referred to in these Articles.
- (v) where any reference to a fraction is made in these Articles if such fraction is equal to or greater than half, it shall be deemed to be the next whole number, and if such fraction is lesser than half it shall be deemed to be the preceding whole number.

### **3. OBJECTS**

**3(1) The objects of the Company are;**

- (i) Carrying on such forms of business as are specified in Schedule IV to the Banking Act.
- (ii) Carrying on the business of Pawn broking subject to the provisions of any applicable laws.

### **4. SHARES**

**4(1) Issue of shares**

- (i) Subject to paragraphs (ii) and (iii) below, the board may issue such shares to such persons as it thinks fit in accordance with section 51 of the Companies Act. Where the shares confer rights other than those specified in subsection (2) of section 49 of the Companies Act, or impose any obligation on the holder, the board must approve terms of issue which set out the rights and

obligations attached to the shares as required by subsection (2) of section 51 of the Companies Act.

- (ii) Before it issues shares; the board must decide the consideration for which the shares will be issued. The consideration must be fair and reasonable to the Company and to all existing shareholders
- (iii) Unless the Company by ordinary resolution resolve, where the Company issues shares which rank equally with or prior to existing shares, those shares must be offered to the holders of the existing shares in a manner which would, if accepted, maintain the relative voting and distribution rights of those shareholders. The offer must remain open for acceptance for a reasonable time.
- (iii) Not more than three persons shall be registered as joint holders of a share. Joint holders of shares are jointly and severally liable for any payments to be made under paragraph 4(2)(i) of this Article.
- (iv) The company may with the approval of an ordinary resolution
  - (a) Consolidate shares by combining existing shares to a lesser number of shares
  - (b) Split shares by sub dividing existing shares to shares of a greater number.

#### **4(2) Calls on shares**

- (i) Where a share imposes any obligation on the holder to pay an amount of money —
  - (a) on a fixed date, the holder must pay that amount on that date;
  - (b) if no fixed date is given, the board may at any time give written notice to the holder requiring the payment to be made within a specified period of not less than twenty working days, and the payment must be made in accordance with that notice.

Any amount not paid by the due date shall carry interest at a rate fixed by the board not exceeding ten *per cent per annum*, accruing daily. The board may waive payment of interest.

- (ii) The Company has a lien on every share which has not been paid for, and on every distribution payable in respect of that share, for all amounts presently due and payable to the Company in respect of that share.
- (iii) (a) The Company may sell in such manner as the board thinks fit, any shares on which the Company has a lien, if the Company has given written notice of its intention to do so to the shareholder; and the shareholder has failed to make the payment in respect of which the lien has arisen, within ten working days of the giving of that notice.

(b) The proceeds of a sale under sub paragraph (iii) (a) above of this Article shall be received by the Company and applied first in payment of the costs of sale, and then in payment of the amount in respect of which the lien arose and the remainder shall be paid to the person entitled to the shares immediately proceeding.

(c) The transfer may be signed on behalf of the purchaser by any person appointed to do so by the board, and the purchaser shall be registered as the holder of the shares transferred and his title shall not be affected by any irregularity or invalidity in the sale.

#### **4(3) Distributions**

- (i) Subject to Article 4(2) (ii) the Company may make distributions to shareholders in accordance with section 56 of Companies Act. Any dividend other than an interim dividend must be approved by the board and by an ordinary resolution of the shareholders. The board must be satisfied that the Company will immediately after the distribution, satisfy the solvency test. The directors who vote in favour of the distribution must sign a certificate of their opinion to that effect.
- (ii) The board may from time to time approve the payment of an interim dividend to shareholders, where that appears to be justified by the Company's profits, without the need for approval by an ordinary resolution of the shareholders. The board must be satisfied that the Company will immediately after the interim dividend is paid, satisfy the solvency test. The directors who vote in favour of the interim dividend must sign a certificate of their opinion to that effect.
- (iii) The Company is deemed to have satisfied the solvency test if—

- (a) it is able to pay its debts as they fall due in the normal course of business; and
- (b) the value of its assets is greater than the sum of the value of its liabilities and its stated capital.

#### **4(4) Share Register; Transfer And Transmission of Shares**

- (i) The Company must maintain a share register, in compliance with the Companies Act and the Statutes
- (ii) Notwithstanding any provision in these Articles suggesting the contrary, shares listed on the Colombo Stock Exchange shall be freely transferable and registration of the transfer of such listed shares shall not be subject to any restriction, save and except to the extent required for compliance with the Statutes.
- (iii) The board may resolve to refuse to register a transfer of a share within six weeks of receipt of the transfer, if any amount payable to the Company in respect of the share is due but unpaid. If the board resolves to refuse to register a transfer for this reason, it must give notice of the refusal to the shareholder within one week of the date of the resolution.
- (iv) Where a joint holder of a share dies, the remaining holders shall be treated by the Company as the holders of that share. Where the sole holder of a share dies, that shareholder's legal representative shall be the only person recognised by the Company as having any title to or interest in the share.
- (v) Any person who becomes entitled to a share as a consequence of the death, bankruptcy or insolvency or incapacity of a shareholder may be registered as the holder of that shareholder's shares upon making a request in writing to the Company to be so registered, accompanied by proof satisfactory to the board of that entitlement. The board may refuse to register a transfer under this Article in the circumstances set out in paragraph (iii) of this Article.

#### **4(5) Repurchase of shares**

The Company may repurchase its own shares with the approval of the board in compliance with the provisions of the Companies Act and the Statutes. If the shares of the Company are listed in the Colombo Stocks Exchange the board shall also ensure that the rules of the Colombo Stock Exchange are complied with.

#### **4(6) Capitalization of Profits and Reserves**

- (i)** The Company in general meeting may upon the recommendation of the board resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of all or any of the Company's reserve accounts (including surplus moneys arising from the realization of any capital assets of the Company or from any investments representing the same) or to the credit of the profit and loss account or otherwise available for distribution and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash except in the case of issuing of fractional certificates as specified in paragraph (ii) below but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures or securities of the Company to be allotted and distributed credited as fully paid up to and amongst such member in the proportion aforesaid or partly in the one way and partly in the other and the board shall give effect to such resolution.
- (ii)** Whenever a resolution as specified in paragraph (i) shall have been passed, the board shall make all appropriations and applications of the amount resolved to be capitalized thereby, and all allotments and issues of fully paid shares, debentures or securities, if any and generally shall do all acts and things required to give effect thereto, with full power to the board to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit where shares, debentures or securities become distributable in fractions, including the power to sell all or any of such fractions. The board shall also have power to authorize any person to enter on behalf of all the members interested into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up of any shares to which they may be entitled upon such capitalization or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the amount resolved to be capitalized of the amounts or any part of the amounts remaining unpaid on their existing shares, or for appointing any person to sign transfers of shares to avoid fractional certificates. Any agreement made under such authority shall be effective and binding on all such members.

## **5. MEETINGS OF SHAREHOLDERS**

### **5(1) Notice of meetings**

- (i)** Written notice of the time and place of a meeting of shareholders must be given to every shareholder entitled to receive notice of the meeting and to every director and the auditor of the Company not less than fifteen working days before the meeting, if it is intended to propose a resolution as a special resolution at the meeting or the notice is for an annual general meeting and in every other case at least ten working days.
- (ii)** The notice must set out the nature of the business to be transacted at the meeting in sufficient detail to enable a shareholder to form a reasoned judgment in relation to it; and the text (if any) of any resolution to be submitted to the meeting.
- (iii)** An irregularity in a notice of a meeting is waived if all the shareholders who attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such shareholders agree to the waiver.
- (iv)** The chairperson may adjourn a meeting for good cause or if the meeting becomes unruly or if the shareholders present request by a majority to adjourn the meeting. If a meeting of shareholders is adjourned for less than thirty days, it is not necessary to give notice of the time and place of the adjourned meeting, other than by announcement at the meeting which is adjourned.

### **5(2) Methods of holding meetings**

A meeting of shareholders may be held by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting.

### **5(3) Quorum**

- (i)** Subject to paragraph (iii) of this Article, no business may be transacted at a meeting of shareholders if a quorum is not present.

- (ii) A quorum for a meeting of shareholders shall be shareholders present in person or by proxy representing not less than one tenth of the total voting rights of all the shareholders
- (iii) If a quorum is not present within thirty minutes after the time appointed for the meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the directors may appoint. If at the adjourned meeting, a quorum is not present within thirty minutes after the time appointed for the meeting, the shareholders present or their proxies shall be deemed to form a quorum.

**5(4) Chairperson at general meetings.**

- (i) If the directors have elected a chairperson of the board, the chairperson if present must chair the meeting.
- (ii) If no chairperson of the board is present within fifteen minutes of the time appointed for the commencement of the meeting, the shareholders present may choose a director to be chairperson of the meeting if Non Executive Directors are present then the chairperson shall be chosen from among them.

**5(5) Voting at general meetings.**

- (i) Unless a poll is demanded, voting at the meeting shall be by show of hands unless a shareholder is disabled and unable to do so in which case the chairperson may decide some other reasonable means for determining such shareholders vote.
- (ii) A declaration by the chairperson of the meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact, unless a poll is demanded.
- (iii) At a meeting of shareholders, a poll may be demanded by shareholders present in person or by proxy;
  - (a) whose number is not less than five or
  - (b) who represents not less than ten per centum of the total voting rights of all shareholders.

- (iv) A poll may be demanded either before or after the vote is taken on a resolution.
- (v) If a poll is taken, votes must be counted according to the votes attached to the shares of each shareholder present in person or by proxy and voting.
- (vi) The chairperson of a shareholders' meeting is entitled to a casting vote.

#### **5(6) Proxies**

- (i) A shareholder may exercise the right to vote either by being present in person or by proxy.
- (ii) A proxy for a shareholder is entitled to attend and be heard at a meeting of shareholders as if the proxy were the shareholder.
- (iii) A proxy must be appointed by notice in writing signed by the shareholder. The notice must state whether the appointment is for a particular meeting, or for a specified term.
- (iv) No proxy is effective in relation to a meeting, unless a copy of the notice of appointment is given to the Company not less than twenty four hours before the start of the meeting.

#### **5(7) Minutes of meetings of shareholders**

The board must ensure that minutes are kept of all proceedings at meetings of shareholders. Minutes which have been signed correct by the chairperson of the meeting are prima facie evidence of the proceedings.

#### **5(8) Shareholders proposals**

Shareholders entitled to do so may give notice of a resolution to the Company in accordance with section 142 of the Companies Act and it shall be the duty of the Company to comply with the provisions of such section.

### **5(9) Corporations may act by representatives**

A body corporate which is a shareholder may appoint a representative to attend a meeting of shareholders on its behalf in the same manner as it could appoint a proxy.

### **5(10) Votes of joint holders**

Where two or more persons are registered as the holder of a share, the vote of the person named first in the share register and voting on a matter shall be accepted to the exclusion of the votes of the other joint holders.

### **5(11) Loss of voting right if calls unpaid**

If a sum due to a Company in respect of a share has not been paid, that share may not be voted at a shareholders' meeting other than a meeting of an interest group.

### **5(12) Annual general meetings of shareholders**

The board must call an annual meeting of the Company to be held once in each calendar year, not later than six months after the balance sheet date of the Company and not later than fifteen months after the previous annual meeting.

The meeting must be held on the date on which it is called to be held.

### **5(13) Extraordinary general meetings of shareholders**

An extraordinary meeting of shareholders entitled to vote on an issue may be called at any time by the board, and must be called by the board on the written request of shareholders holding shares, carrying not less than ten per centum of votes which may be cast on that issue.

### **5(14) Voting in interest groups**

Where the Company proposes to take action which affects the rights attached to shares within the meaning of section 99 of the Companies Act, the action may not be taken unless it is approved by a special resolution of each interest group, as defined in the Companies Act.

**5(15) Shareholders entitled to receive distributions, exercise preemptive rights, and attend and vote at meetings**

- (i)** The shareholders who are entitled to receive notice of a meeting of shareholders for any purpose shall be —

  - (a)** if the board fixes a date for the purpose, those shareholders whose names are registered in the share register on that date;
  - (b)** if the board does not fix a date for the purpose, those shareholders whose names are registered in the share register at the close of business on the day immediately preceding the day on which the notice is given.
- (ii)** A date fixed under paragraph (i) of this Article should not precede by more than thirty working days, the date on which the meeting is to be held.
- (iii)** Before a meeting of shareholders, the Company may prepare a list of shareholders entitled to receive notice of the meeting arranged in alphabetical order, and showing the number of shares held by each shareholder—

  - (a)** if a date has been fixed under paragraph (i) of this Article, not later than ten working days after that date; or
  - (b)** if no such date has been fixed, at the close of business on the day immediately preceding the date on which the notice is given.
- (iv)** A person named in a list prepared under paragraph (iii) of this Article is entitled to attend the meeting and vote in respect of the shares shown opposite his name in person or by proxy, except to the extent that—

  - (a)** that person has, since the date on which the shareholders entitled to receive notice of the meeting were determined, transferred any of his shares to some other person; and
  - (b)** the transferee of those shares has been registered as the holder of those shares, and has requested before the commencement of the meeting that his or her name be entered on the list prepared under paragraph (iii) of this Article.

- (v) A shareholder may examine a list prepared under paragraph (iii) of this Article during normal business hours, at the registered office of the Company

## **6. DIRECTORS OF THE BOARD**

### **6(1) Appointment, composition and alternate directors**

- (i) The number of directors of the board shall not be less than seven nor more than thirteen.
- (ii) No director shall be appointed, re-appointed, elected, re-elected unless prior written recommendation of the Nomination Committee is first obtained.
- (iii) Composition of the directors shall be as follows
  - (a) three or one third of the total number of directors (whichever is greater) appointed by the board as Non Executive Independent Directors in conformity with the Banking Act.
  - (b) an employee of the Company may be appointed by the board as Executive Director
  - (c) the remaining directors may be elected by the shareholders.
- (iv) The casual vacancy of a Non Executive Director may be filled by the board subject to the recommendation of the Nomination Committee.
- (v) A director being a Non Executive Independent Director or a Non Executive Director may appoint another director as an alternate director, if such before mentioned director is going overseas or is going to be temporarily absent from attending board meetings or acting as a director of the board provided that in the case of a Non Executive Independent Director such alternate director shall be another Non Executive Independent Director. Such appointment of alternate director shall be made in writing to the Company by the director who is appointing.

(vi) The present directors as at the date of these Articles are;

Mrs. M.S.Kiriwandeniya }  
Mr.A.D.Walisinghe } who shall be deemed to be Non Executive  
Mr. D.P.Kumarage } Directors

Mr.W.R.P.Fernando }  
Mr.T.Karunasena } who shall be deemed to be  
Dr.R.M.K.Ratnayake } Non Executive Independent Directors  
Prof.W.M.A.Bandara }  
Mr.U.G.Ramawickrama }  
Mr.M.Vidanapathirana }  
Mr.H.M.G.B.Herath }

## 6(2) Removal of Directors.

- (i) A director may be removed from office in accordance with the provisions of the Companies Act or these Articles. A director may be removed by ordinary resolution passed at a meeting called for such purpose provided that each resolution shall specify one director only and no more. For the avoidance of doubt there could be several resolutions taken up at that meeting.
- (ii) A Non Executive Independent Director may be removed by the board on the recommendation of the Nomination Committee by notice in writing to the Director concern.

## 6(3) Vacation of office of Directors

A director vacates office if such director

- (i) resigns by delivering a signed written notice of resignation to the Company and such notice shall be effective when it is received by the Company or any later date specified in such notice.
- (ii) becomes disqualified in terms of the Companies Act or the Statutes.
- (iii) has not attended either personally or through an alternate director two thirds of the board meetings for a continuous period of twelve months or for three consecutive meetings of the board whichever occurs earlier.
- (iv) in case of a director who has been appointed to fill a casual vacancy in terms of Article 6(1)(iii) at the annual general meeting following such appointment.
- (v) being an alternate director if the director appointing such alternate director ceases to be a director or revokes such appointment in writing to the Company or if a specific condition for such appointment has been satisfied.
- (vi) such director ceases office by rotation as provided for in Article 6 (4).
- (vii) being a Non Executive Independent Director upon the lapse of one years from the date of appointment (or the re-appointment as the case may be) the Nomination Committee does not recommend such director to be re- appointed (or further re-appointed as the case may be).
- (viii) being the Executive Director on retirement or termination of or cessation of employment in the Company.

#### **6(4) Rotation of Directors**

- (i) At each annual general meeting one third of the aggregate of Non Executive Directors shall retire (taken in order from those who served the longest period or if the period is the same as determined by lot) and shall be eligible for re-election so long as they are not disqualified or recommended by the Nomination Committee.
- (ii) Any director appointed under casual vacancy in terms of Article 6 (1) shall resign at the annual general meeting next following and shall be eligible for re- election if recommended by the Nomination Committee

- (iii) a Non Executive Independent Director shall be re-appointed by the board at the expiry of each period of two years from this date of appointment (or re-appointment as the case may be) if the Nomination Committee recommends the re-appointment of such director.

#### **6(5) Powers, responsibilities and duties of directors**

- (i) The business and affairs of the Company shall be managed by or under the direction or supervision of the board which shall have all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company in compliance with the Statutes

- (ii) Without prejudice to the generality of paragraph (i) the board shall;

- (a) act in good faith in the best interest of the Company
- (b) assume the overall responsibility and accountability in respect of the management and the affairs of the Company, conduct of its business, maintenance of risk management mechanisms to ensure the safety and soundness of the Company.
- (c) in compliance with the Banking Act appoint the following committees;
  - The Nomination Committee
  - The Human Resources and Remunerations Committee
  - An Integrated Risk Management Committee
  - An Audit Committee
  - Such other committees as the board think fit
- (d) board shall not delegate any matters to a board, committee, the Executive Director or the key management personal to an extent that such delegation would significantly hinder or reduce the ability of the board as a whole to discharge its functions.

#### **6(6) Meetings, proceedings and resolutions of directors**

- (i) The meetings of directors shall be subjected to these Articles and in the absence of any particular provision the board may determine its own procedure.

- (ii) The board shall meet regularly and at least twelve times a calendar year at approximately monthly intervals,
- (iii) The meeting may take place at any venue as the Directors determine. The Directors may participate in the event they are not present by means of audio, or audio and visual communication through which all Directors participating can simultaneously hear each other throughout the meeting
- (iv) For regular board meetings at least seven days notice should be given to the directors and for unscheduled meetings reasonable time shall be given but not less than twenty-four hours notice of such meeting.
- (v) An irregularity in the notice of a meeting is waived if all directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or if all directors entitled to receive notice of the meeting agree to the waiver.
- (vi) If no chairperson is elected or if at a meeting of the board the chairperson is not present within five minutes after the time appointed for the commencement of the meeting, the directors present may choose one of their number to be chairperson of the meeting.
- (vii) A quorum for a meeting of the board is a majority of the directors for the time being and no business may be transacted at a meeting of directors if a quorum is not present.
- (viii) At a board meeting every director has one vote provided that if a director acts also as an alternate director to another director such director shall have an additional vote in lieu of the director who is not present and who has appointed such alternate director.
- (ix) A resolution of the board is passed if it has received a majority of the votes and in the event of an equality of votes the chairperson shall have a casting vote.
- (x) In exceptional cases where a resolution of the board is required, a resolution maybe in writing signed or assented to by at least three fourths of the directors entitled to receive notice of a board meeting, shall be valid and effective as if it had been passed at a meeting of the board duly

convened and held. Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form; each signed or assented to by one or more directors. A copy of such resolution must be entered in the minute book of board proceedings and ratified at directors meeting immediately following.

### **6(7) Chairperson**

- (i)** The Directors shall elect one of their members other than the Executive Directors (if any) as the chairperson and determine the period for which such Director hold the office of chairperson. Mrs M.S. Kiriwandeniya is the chairperson as at the date of these Articles.
  
- (ii)** The chairperson shall inter alia
  - (a)** provide leadership to the board,
  - (b)** be primarily responsible for drawing up and approving the agenda for each board meeting,
  - (c)** ensure that all directors are properly briefed
  - (d)** encourage and facilitate all directors to make active contribution
  - (e)** not engage in executive duties or supervision of key management persons
  - (f)** ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of the shareholders are communicated to the board.

### **6(8) Senior Director**

If the chairperson is not a Non Executive Independent Director, the board shall designate a Non Executive Independent Director as the senior director in compliance with Corporate Governance Rules. The terms of reference of such director shall be documented to ensure a greater independent element.

### **6(9) Executive Directors**

- (i)** The board shall appoint an employee of the Company who has been recommended by the Nomination Committee as its Executive Director.

- (ii) The Executive Director shall be the chief executive officer of the Company and shall function as the apex executive in charge of the day-to-day management of the Company's operations and business.
- (iii) The Executive director shall be paid such remuneration as may be agreed between him and the board. His remuneration may be by way of salary, commission, participation in profits or any combination of these methods or any other method of fixing remuneration.
- (iv) The board may delegate to the Executive director, subject to any conditions or restrictions which they consider appropriate, any of their powers which can be lawfully delegated. Any such delegation may at any time be withdrawn or varied by the board. The delegation of a power of the board to the managing director does not prevent the exercise of the power by the board, unless the terms of the delegation expressly provide otherwise.

#### **6(10) Minutes**

The board must ensure that minutes are kept of all proceedings at meetings of the board.

#### **6(11) Secretary**

- (i) The board shall ensure at all times to have a Company Secretary meeting the requirements of the Companies Act and the Banking Act.
- (ii) The Company Secretary shall handle secretariat services to the board and shareholder meetings and other functions specified in the Companies Act and the Banking Act.
- (iii) The directors shall have access to the services of the secretary and to seek advice on applicable rules and regulations.
- (iv) The secretary shall maintain minutes of board meetings in sufficient detail which shall be open to directors at any reasonable time such minutes shall be in sufficient detail to reveal whether the board acted with care and prudence.

### **7. ACCOUNTS AND AUDITS**

#### **7(1) Accounting records, financial statements, audit etc.**

- (i) The board must ensure that the Company keeps accounting records which —

- (a)** correctly record and explain the Company's transactions;
  - (b)** will at any time enable the financial position of the Company to be determined with reasonable accuracy;
  - (c)** will enable the board to prepare financial statements in accordance with the Companies Act; and
  - (d)** will enable the financial statements of the Company to be readily and properly audited
  
- (ii)** The accounting records must comply with subsection (2) of section 148 of the Companies Act.
  
- (iii)** The board shall ensure that within five months after the balance sheet date of the Company, financial statements which comply with section 151 of the Companies Act (and if applicable, group financial statements which comply with section 153 of the Companies Act) are completed in relation to that balance sheet date and are dated and signed on behalf of the board by two directors.
  
- (iv)** At every annual meeting, the Company must appoint an auditor for the following year in accordance with section 154 of the Companies Act. An auditor who is appointed at an annual meeting is deemed to be reappointed at the following annual meeting, unless —
  - (a)** he is not qualified for re-appointment;
  - (b)** the Company resolves at that meeting to appoint another person in his place; or
  - (c)** the auditor has given notice to the Company that he does not wish to be re-appointed.
  
- (v)** The board must within five months after the balance sheet date of the Company, prepare an annual report on the affairs of the Company during the accounting period ending on that date which complies with section 166 of the Companies Act. The board must send a copy of the annual report to every shareholder not less than twenty working days before the date fixed for holding the annual meeting of shareholders.

## **8. LIQUIDATION AND REMOVAL FROM THE REGISTER**

### **8(1) Resolution to appoint liquidator**

The shareholders may resolve to wind up the Company voluntarily by special resolution.

### **8(2) Distribution of surplus assets**

- (i)** The surplus assets of the Company available for distribution to shareholders after all creditors of the Company have been paid, shall be distributed in proportion to the number of shares held by each shareholder, subject to the terms of issue of any shares.
  
- (ii)** The liquidator may with the approval of a special resolution, divide the surplus assets of the Company among the shareholders in kind. For this purpose he may set such value as he considers fair on any property to be divided, and may determine how the division will be carried out as between the shareholders or different classes of shareholders.

## **9. MISCELLANEOUS**

### **9(1) Documents to be kept by Company**

- (i)** Company shall keep all documents at its registered office or at some other place for which notice has been given to the Registrar, in compliance with section 116 of the Act

### **9(2) Rights of directors and shareholders to documents etc.**

- (i)** The directors of the Company are entitled to have access to the Company's records in accordance with section 118 of the Companies Act.
  
- (ii)** A shareholder of the Company is entitled—
  - (a)** to inspect the documents referred to in section 119 of the Companies Act, in the manner specified in section 121 of the Companies Act; and

(b) to require copies of or extracts from any document which he may inspect, within five working days of making a request in writing for the copy or extract, on payment of any reasonable copying and administration fee determined by the Company. The fee may be determined by any director or by the secretary, subject to any directions from the board.

**9(3) Name of Company**

The Company may change its name by special resolution in accordance with section 8 of the Companies Act

**9(4) Company seal**

(i) A company seal may be maintained with the authority of the board which shall ensure its safe custody. The seal may be affixed on any document with the authority of the board and in the presence of any two directors or in the presence of any one director and either the Secretary or any person authorized by the board, who shall attest the affixing thereof.

(ii) Any document sealed as aforesaid shall be presumed to have been duly executed by the Company.

(iii) The seal may be used abroad or in Sri Lanka.

**9(5) Notices**

(i) Where the shares of the Company is listed in the Colombo Stock Exchange any notice by way of an advertisement shall be published in newspapers in Sinhala, Tamil and English

(ii) Where the Company is required to send any document to a shareholder or to give notice of any matter to a shareholder, it shall be sufficient for the Company to send the document or notice to the registered address of the shareholder by ordinary post. Any document or notice so sent is deemed to have been received by the shareholder within three working days of the posting of a properly addressed and prepaid letter containing the document or notice.

- (iii) A shareholder whose registered address is outside Sri Lanka may give notice to the bank of an address in Sri Lanka to which all documents and notices are to be sent, and the Company shall treat that address as the registered address of the shareholder for all purposes.
- (iv) A document may be sent or notice given by the Company to the joint holders of a share, by giving the notice to the holder first named on the share register in respect of the share, except in the case of executors, administrators or heirs of a deceased shareholder.
- (v) A copy of every notice or document sent to all shareholders must be sent to the auditor of the Company.
- (vi) Where a shareholder has died or has become bankrupt or insolvent, the Company may continue to send all notices and documents in respect of his shares addressed to him at his registered address, notwithstanding that some other person has by reason of the death, bankruptcy or insolvency, become entitled to those shares, or may send any notice or document to an address to which that other person requests the Company to send such notices.

#### **9(6) Insurance and indemnity**

- (i) The Company shall indemnify every director, auditor and secretary of the Company for the time being against any costs incurred in the course of defending any proceeding that relates to any act or omission in his capacity as director, auditor or secretary, in which judgment is given in his favour or in which, he is acquitted or which is discontinued.
- (ii) The Company may indemnify a director or employee in circumstances where paragraph 9(5)(i) does not apply, to the extent permitted by subsection (3) of section 218 of the Companies Act, if the board considers it appropriate to do so.

#### **9(7) Compliance with Rules**

In the event the shares of the Company are listed in the Colombo Stock Exchange the Company shall comply with the rules of the Colombo Stock Exchange and the Central Depository System which shall be in force from time to time so long as they are not inconsistent with the Banking Act.

We the several persons whose names are subscribed hereby agree to the foregoing Articles of Associations.

<b>NAME, ADDRESS AND DESCRIPTION OF SUBSCRIBER</b>	<b>SIGNATURE</b>
1. Kegalle Co-operative Urban Bank Limited, 27,28, Urban Council, Shopping Complex, Kegalle. Registered Co-operative Society	<i>Represented by President – Sgd. Podi Appuhamy Kiriwandeniya Secretary – Sgd. W.A Anula Weerasinghe</i>
2. Karagampitiya Kawdana, Primary Thrift and Credit Co-operative Society Ltd, Kawdana, Dehiwela, Registered Co-operative Society	<i>Represented by President – Sgd. Danison Weerasuriya Secretary – Sgd. M. Vincent Pererae</i>
3. Bambarenda Thrift and Credit Co-operative Society Ltd, Bambarenda South, Hunnadeniya, Kottegoda. Registered Co-operative Society	<i>Represented by President – Sgd. David Arthur Amarasinghe Secretary Sgd. – Somapala Senanayakee</i>
4. Pahala Karawita Thrift and Credit Co-operative Society Ltd, Thrift and Credit Co-operative Society Ltd, Pahala, Karawita Registered Co-operative Society	<i>Represented by President – Sgd. Gunawimala Karunanayake Jayasundara Secretary – Sgd. W.W. Tennakoon</i>
5. District Thrift & Credit Co-operative Union Ltd, Gampaha, 115/3, Colombo Road, Gampaha. Registered Co-operative Society	<i>Represented by President Sgd. – Nanayakkara Jayasuriya Appuhamilage Lalitha Jayasuriya Secretary – Sgd. W.A. Sumanasiri Seneviratne</i>

6. District Thrift & Credit Co-operative Union Ltd,  
437, Madampe Road,  
Kuliyapitiya.  
Registered Co-operative Society

*Represented by  
President – Sgd.  
Wanigasekera  
Arachchige  
Nilme  
Wanigasekera  
Secretary -  
Sgd. Kothalawelage  
Lal Amarasiri*

7. Federation of Thrift & Credit Co-operative Societies Ltd,  
in Sri Lanka 437, Madampe Road,  
No. 12, Edmonton Road,  
Colombo 06.  
Registered Co-operative Society

*Represented by  
President – Sgd.  
Podi Appuhamy  
Kiriwandeniya  
General Secretary -  
Sgd. Lekam  
Bandappuhamy  
Dassananayke*

8. Sirisena Tilakaratne,  
6D, Pagoda Road,  
Nugegoda.

Consultant

9. Manthirratne Wewala Panditha,  
380, Serpentine Road,  
Colombo 08.

Consultant.

WITNESS to the above signatures at Colombo on the 24<sup>th</sup> day of May Two Thousand and Twelve.

Sgd.  
Chandima Anil Withanaarachchi.  
Attorney –at – Law and Notary Public