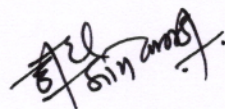


Memorandum of Association
of
Nepal SBI Bank Ltd.
Incorporated under the Companies Act, 2063 (2006)
(Liability limited by shares)

1. **Name of the Company:** The name of the Company will be "Nepal SBI Bank Ltd" which will be called Nepal SBI Bank Ltd., in English, (hereinafter called the "Bank")
2. **Address Where the Bank's Registered (Corporate) Office will be Situated:**
 - (1) The registered (Corporate) office of the Bank will be situated in Bagmati Province, Kathmandu District, Kathmandu Metropolitan City, Ward No. 28, Kamaladi, Nepal.
 - (2) The places where the Bank shall carry out its transactions shall be at different places within or outside Nepal as approved by Nepal Rastra Bank. The Bank shall carry out its transactions within Nepal or abroad through its branches, sub-branches, extension counters, outlets, liaison offices etc. with the approval of Nepal Rastra Bank.
3. **The Main Objectives of the Bank:**
 - (1) The main objectives of the Bank, which shall carry out financial transactions subject to the provisions made in the Nepal Rastra Bank Act, 2058, prevailing law relating to banks and financial institutions, prevailing law relating to companies and other prevailing laws, shall be as follows:
 - (a) to provide quality and reliable financial services to general public by safeguarding and promoting the interest of the depositors and shareholders of the Bank,
 - (b) to assist in bringing pace in development of country's industrial, commercial and agricultural sectors by mobilizing necessary financial resources from internal and external sources for the establishment, development, expansion and enhancement in capacity and productivity of agricultural, industrial, service, trade and other productive enterprises viable from business point of view,
 - (c) to establish, operate, develop, expand and promote productive and employment generating enterprises in rural and urban sectors by properly mobilizing available skill, labour and capital, and to assist by actively participating for the alleviation of poverty by providing necessary financial resources, technical and managerial consultancy services, training and technology for the purpose,
 - (d) to provide financial intermediary services through institutional investments and healthy competition by mobilizing capital scattered in the country,
 - (2) The Bank will implement the functions to be implemented pursuant to Sub Clause (1) above only after obtaining approval or license pursuant to prevailing laws, wherever necessary.
 - (3) A copy of approval or license obtained pursuant to Sub Clause (2) above will be submitted to the Office of Companies Registrar within 15 days from the date so obtained.



Company Secretary



4. Functions that may be performed for attainment of the objectives of the Bank :

In order to attain the objectives set forth under Clause 3 hereinabove, the Bank may, as a Class "A" bank and financial institution, under the prevailing law relating to banks and financial institutions, perform the following functions, subject to prevailing law relating to banks and financial institutions and, companies and other prevailing laws:-

- (a) To accept deposits with or without interest; open fix, current, savings, call, margin, escrow, recurring and other different deposit accounts and refund such deposits,
- (b) To acquire, by purchase, lease, mortgage, licence or otherwise and construct, maintain or alter any immovable or movable property, rights or privileges which the company may deem necessary or convenient and to develop, realise and deal with the same in the manner as may be thought expedient and convenient for the purpose of the company,
- (c) To extend credit or financial facilities for the purpose of agriculture, industry, trade, and for hire purchase, hypothecation, leasing, housing and service or any other enterprise with or without the security of lands, buildings or any other property or security acceptable to the Bank in the manner prescribed by Nepal Rastra Bank from time to time,
- (d) To have additional movable or immovable property pledged or to take additional security against the margin in order to ensure the security of credit or financial facilities supplied by the Bank to its customers,
- (e) To engage in merchant banking business subject to the directives of Nepal Rastra Bank,
- (f) To issue, accept, pay, redeem, discount, negotiate or deal in letters of credit, bills of exchange, promissory notes, cheques, travelers' cheques, drafts, bonds, hundies or other financial instruments,
- (g) To deal in foreign exchange subject to prevailing laws,
- (h) To grant overdraft facility to persons trusted by the Bank,
- (i) To borrow loans from local and foreign sources with or without security,
- (j) To have bonds executed as per the need while dealing with or extending credit to any person or institution for protection of the interest of the Bank,
- (k) To conduct enquiries in order to ascertain whether or not any loan obtained from the Bank has been utilized for the purpose for which it had been received,
- (l) To extend further credit or financial facilities in lump sum or in installments against the security of movable or immovable property already pledged or charged to the Bank or to extend further credit or financial facilities against the collateral or security already pledged or charged to any other bank and financial institution, to the extent of the total value covered by such collateral or security,
- (m) To make proper arrangements for sale, purchase, or lease of the assets of the Company,
- (n) To issue, confirm and advise letters of credit, negotiate or collect bills of exchange drawn there under,

- (o) To undertake governmental and other business on behalf of Government of Nepal as an agent of Nepal Rastra Bank subject to the conditions prescribed by Nepal Rastra Bank,
- (p) To remit or transfer funds to different places within or outside Nepal in cash or through bills of exchange, travelers cheques, draft, hundies, cheques or other financial instruments and through other modes, deal in gold or silver bullion, shares, debentures, bonds, etc., and collect dividends accruing on shares and interest on promissory notes, debentures, bonds, etc on behalf of customers,
- (q) To act as a commission agent on behalf of its customers, take custody of and arrange for the sale or purchase of shares, debentures or securities; collect interest, dividends, etc. accruing on shares, debentures, or securities; remit or dispatch such interests, dividends or profits to places within or outside Nepal and to make arrangements for the management of any real estate or other property, collect income therefrom and remit payments within or outside Nepal,
- (r) To engage in other types of business, contributing to the banking business, or the industrial development, if the Nepal Rastra Bank so permits,
- (s) To carry on the business of keeping safe deposit vaults and allow their use to the public,
- (t) To deal in or endorse the securities or financial instruments of Government of Nepal or Nepal Rastra Bank,
- (u) To appoint officers, staff, experts, advisers, consultants, auditors, legal advisers and to provide for their suitable remunerations,
- (v) To provide for and to establish and support or aid in the establishment or support of any association, institution, fund, trust and convenience calculated to the benefit of the employees / staff, former or present, and their dependant spouse and children,
- (w) To establish provident fund, gratuity, pension and other funds for the welfare and benefit of the employees and staff, former or present, and any matter related thereto,
- (x) To sell or dispose of the undertaking or property of the Company or any part thereof for such consideration as the Company may think fit,
- (y) To distribute any of the properties of the Company, whether by distribution of assets or division of profits among members in specie or otherwise,
- (z) To incur expenses or pay fees required in connection with the incorporation, operation, management, advertisement, publicity, market expansion and business promotion of the Bank,
- (aa) To grant charity, gift, scholarship or other endowments to the children, helpless, mentally or physically disabled, deprived communities or persons of particular communities including different individuals and organizations,
- (bb) To formulate required policies, regulations, byelaws, etc. relating to business operation of the Bank, appointment, transfer, promotion, emoluments, allowances, facilities, official procedures, terms and conditions of services of the employees and in all other matters and to enforce the same upon approval of appropriate authority(ies),

[Handwritten Signature]

Company Secretary



- (cc) To conduct or arrange to conduct studies, research, survey, analysis, monitoring, inspection relating to the establishment, operation and evaluation of projects and provide trainings, consultancy and other information,
- (dd) To deploy or manage funds received from Government of Nepal or other domestic or foreign agencies in the form of credits for the promotion of projects,
- (ee) To write off loans subject to the byelaws formulated by the Board of the Bank,
- (ff) To purchase its own shares subject to prevailing laws,
- (gg) To obtain refinance from Nepal Rastra Bank according to need or supply or obtain credits to or from other bank and financial institution
- (hh) To issue and accept credit cards, debit cards, charge cards and other financial instruments, and appoint agents to discharge functions relating thereto, subject to the directives issued by Nepal Rastra Bank,
- (ii) To accept deposits, effect payments, transfer funds through telephone, telex, fax, computer or magnetic tape or other similar electronic equipments or devices subject to the directives issued by Nepal Rastra Bank,
- (jj) To accept deposits, effect payments and extend credits through automated teller machines and cash dispensing machines or other electronic equipment or devices,
- (kk) To provide guarantee to arrange for the supply of credit to its customers by any other bank and financial institution.
- (ll) To issue guarantees on behalf of its customers and have necessary bonds executed from such customers in consideration thereof, obtain security, take their movable or immovable property as collateral security on mortgage or to have the property of third party mortgaged as collateral,
- (mm) To mobilize capital through shares, debentures, bonds, loan instruments, saving bonds or other financial instruments subject to the limitation prescribed by Nepal Rastra Bank,
- (nn) To undertake electronic banking (e-banking) business subject to the provisions of prevailing laws,
- (oo) To arrange for jointly supplying credits on the basis of co-financing by joining hands with other bank and financial institution according to the agreement concluded for the purpose so as to divide the collateral on pari passu basis,
- (pp) To supply credit against the guarantee provided by any local or foreign bank or financial institution,
- (qq) To undertake off-balance sheet transactions subject to the conditions prescribed by Nepal Rastra Bank,
- (rr) To supply credits not exceeding the amount prescribed by Nepal Rastra Bank to ensure the economic upliftment of the destitute class, low-income families, victims of natural calamities and inhabitants of any area of the country with the provision of individual or collective guarantee,

[Handwritten Signature]



- (ss) To exchange with Nepal Rastra Bank or any other licensed institution particulars, information or notices regarding debtors or customers who have obtained credits from the Bank or any other bank and financial institution,
- (tt) To enter into technical service agreement(s), management contract(s) or any other agreements with local or foreign individual, bank, financial institution, company, organization, entity or person in respect of technical, managerial or any other type of assistance that may be required for conduct of the business of the Bank,
- (uu) To take over the management of other banks or financial institutions on contract basis and undertake their operation.
- (uu₁) To provide depository participant services to its customers after obtaining the consent/license/membership of the concerned authority under the prevailing laws.
- (uu₂) To incorporate subsidiary/ joint-venture companies to carry out the business of Merchant Banking, Remittance, Micro Credit services, Credit Cards, Share Brokerage, Leasing Finance etc. after obtaining necessary approval/license/ membership from the concerned authority under the prevailing laws.
- (uu₃) To provide ASBA (Application Supported by Block Amount) Service or to act as collection centre for collection of applications for subscription/purchase of Securities of Issuing Company or related services to the customers after obtaining the requisite consent/license/membership of the concerned authority under the prevailing laws.
- (vv) To act as an Insurance Agent on behalf of its customers after obtaining the consent of the concerned authority under the prevailing laws and to perform other functions as are prescribed by Nepal Rastra Bank, and
- (ww) To perform all functions required for fulfilling any or all of the above-mentioned functions as well as other functions ordinarily required to be performed by commercial banks.

5. Capital Structure of the Bank:

1. The capital structure of the Bank shall be as follows:

- (a) The authorized capital of the Bank shall be Rs.15,000,000,000/- (Rupees Fifteen Billion), which shall be divided into 150,000,000 (One Hundred Fifty Million) ordinary shares of Rs.100/- (Rupees one hundred) each.
- (b) The Issued Capital of the Bank shall be Rs.10,500,152,282.00 (Rupees Ten Billion Five Hundred Million One Hundred Fifty Two Thousand Two Hundred Eighty Two only) which shall be divided into 105,001,522.82 (One Hundred Five Million One Thousand Five Hundred Twenty Two and 82/100) ordinary shares of Rs.100 (Rupees One Hundred) each.
- (c) The Paid-up Capital of the Bank shall be Rs.10,500,152,282.00 (Rupees Ten Billion Five Hundred Million One Hundred Fifty Two Thousand Two Hundred Eighty Two only).

2. The group wise shareholding of the Bank's issued capital shall be as follows:



- (a) Promoter shareholders have been classified under Group "A". This Group shall presently hold 70% of the total shares and under this Group, the following shareholders shall have the shareholding percentage as under:

| <u>Name</u> | <u>Percentage</u> |
|-----------------------------------|-------------------|
| a) State Bank of India (SBI) | 55% |
| b) Employees Provident Fund (EPF) | 15% |

- (b) Shareholders subscribing to the shares issued to the general public have been classified under Group "B". The share ownership of this Group shall presently be 30% of the total shares. Out of the shares of this Group, a maximum of 5 percent shares may be set aside for the Bank's employees and may be allotted as per the decision of the Board of Directors.
3. The shareholders of both the groups as defined under Sub-clause (2) above shall be entitled to the privileges and rights inherent to the ordinary shares of a company in terms of the provisions made in the prevailing law relating to companies.
4. Person or institution acquiring shares of a particular Group shall be classified under the same Group.
5. The Bank may make necessary adjustment in its capital and ownership pattern by obtaining prior approval of Nepal Rastra Bank, subject to the provisions made in the prevailing law relating to companies, laws relating to banks and financial institutions and other prevailing laws.
6. If Nepal Rastra Bank directs the Bank to increase capital, the Bank shall increase its capital as directed subject to prevailing laws.
6. **Type of Shares of the Bank:** Presently, all the shares of the Bank are the Ordinary Shares. The Bank may issue redeemable, irredeemable and other types of preference shares based on capital requirement and its adequacy in future pursuant to prevailing laws after passing a resolution in the General Meeting and obtaining approval of Nepal Rastra Bank.
7. **Restriction on Purchase or Transfer of Shares:** Provision relating to restriction on purchase or transfer of shares shall be as follows:-
- (a) The shares of the Bank shall not be sold to any foreign bank or financial institution without prior approval of Nepal Rastra Bank.
- (b) The share ownership ratio of the promoters and general public group shall not be altered without the prior approval of Nepal Rastra Bank.
- (c) Prior approval of Nepal Rastra Bank will have to be obtained in case any promoter of the Bank wishes to sell, mortgage or pledge as collateral any share registered in their name after five years from the date of commencement of operation of the Bank. However, if a promoter shareholder wishes to transfer the ownership of shares held by

them, priority shall have to be given to the shareholder representing the same group. Such shares shall be sold to any other person, firm, company or institution as per the decision of the Board of Directors only if the other promoter is not willing to buy the shares.

- (d) No person shall retain more than 0.50 percent of the total paid-up capital and less than 10 shares of the company. Provided, this restriction shall not apply in case of right shares and bonus shares. The restriction on maximum holding shall not apply to promoters.
- (e) While inviting applications from the public for the purchase of its shares, the Bank shall demand payment of cent percent of the face value of its shares along with the application.
- (f) The Bank while purchasing the shares of its own shall do so pursuant to the provisions made in the prevailing laws relating to banks and financial institution and the prevailing law relating to companies.
- (g) No Director, Executive Chief, auditor or Secretary of the Bank, or any person directly involved in the management or accounting functions of the Bank, may sell or purchase, pledge as collateral or mortgage, give away or accept as gift or donation, or exchange the shares of the Bank, or those of its subsidiary companies, or cause or allow any of such activities, under his/her own name or in the name of his family, or in the name of any firm, company or institution under his/her own or his/her family's control while he/she remains in his/her post, or for at least one year from the date of his/her retirement from his/her post.

Provided that this restriction shall not be applicable in respect to newly issued shares.

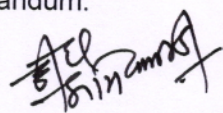
- (h) In case any person takes any action in contravention of Sub-Clause (g) above, the concerned shares shall be confiscated by the Bank. The shares so confiscated shall be sold/allotted in the manner deemed appropriate by the Board of Directors of the Bank.
- (i) Other provisions relating to restriction on purchase or transfer of shares shall be as provided under prevailing law relating to banks and financial institutions, prevailing law relating to companies, prevailing law relating to securities transaction and other prevailing laws.

8. Conditions for the Payment against Shares: Conditions for the payment against the Shares of the Bank shall be as under:

- (a) The Bank shall, while inviting applications from the public for the purchase of its shares, demand payment of cent percent of the face value of its shares along with the application.
- (b) The shareholders will have to make payment against shares within the stipulated time.
- (c) Other conditions for the payment against the shares of the Bank shall be as prescribed under the prevailing law relating to companies and securities.

9. Other Necessary Matters:

- (1) The Bank itself shall bear the costs incurred in connection with its incorporation.
- (2) The payment against Bank's shares will have to be made in cash.
- (3) The Bank has not obtained any property from the promoters or any other person at the time of commencement of its operation.
- (4) Promoters or any other person shall not be entitled to any special concession or privileges from the Bank.
- (5) The Bank may formulate and implement necessary byelaws for conduct of its transactions with the approval of Nepal Rastra Bank.
- (6) The Bank shall not be permitted to carry out the transactions restricted by prevailing law relating to banks and financial institutions.
- (7) The Bank shall enter into a Technical Services Agreement (TSA) with State Bank of India (SBI) and or its nominee for management and other technical and management assistance to the Bank on such terms and conditions as may be agreed between them. Such agreement shall be under the jurisdiction of the existing laws of Nepal.
- (8) The Bank may, if it finds it necessary, obtain the services of consultants for the benefit of the Bank with the approval of Nepal Rastra Bank.
- (9) The Bank will have to maintain a capital fund in a ratio prescribed by Nepal Rastra Bank on the basis of its total assets or risk-weighted assets.
- (10) The Bank will be a body corporate with perpetual succession.
- (11) The Bank shall have a separate common seal of its own for carrying out its functions, which shall be brought in use as decided by the Board of Directors.
- (12) The Bank may sue or be sued in its own name.
- (13) Subject to the prevailing laws, the Bank may acquire, hold, sell or pledge or otherwise dispose of movable and immovable assets like an individual.
- (14) The liability of the shareholders of the Bank is limited to the amount of shares subscribed or agreed to subscribe by them.
- (15) All the functions of the Bank shall be carried out pursuant to Nepal Rastra Bank Act, 2058, prevailing law relating to banks and financial institutions, Memorandum and Articles of Association of the Bank and other prevailing laws.
- (16) **Repeal and Saving:**
 - (a) The Memorandum of Nepal SBI Bank Ltd., incorporated in the Office of Company Registrar on 28.04.1993, prevailing prior to obtaining the license by making amendments in the said Memorandum as per Section 30(2) of Banks and Financial Institutions Ordinance, 2062, shall stand repealed.
 - (b) All functions and actions performed under the Memorandum of the Bank repealed as per Sub-clause (a) above shall be deemed to have been carried out and performed under this Memorandum.



- (c) The promoters existing at the time of incorporation of this Bank as per the Memorandum repealed under Sub-clause (a) above, the number of shares agreed by them to subscribe at that time, signatures, witnesses and their signatures, certification made by the lawyer drafting the said Memorandum and all the particulars regarding their signatures shall be considered to have continued as per Clause 12 herein below.

10. Memorandum of Association to be Void to the Extent of Its Contradiction:

Notwithstanding anything contained hereinabove in this Memorandum, the provisions contrary to Nepal Rastra Bank Act, 2058, prevailing law relating to banks and financial institutions and other prevailing laws shall automatically be deemed to have been void or rescinded to the extent of their contradiction with these laws, and the matters not contained in this Memorandum shall be governed under the stated laws.

11. Amendments in the Memorandum of Association:

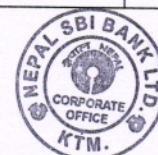
- (a) In case the Bank wishes to make any amendment in this Memorandum of Association, it may do so by adopting a special resolution in the General Meeting of the shareholders as per the prevailing law relating to companies. Such amendment shall be considered to have been effective only after the Office of Company Registrar records the same.
- (b) In case there is any amendment in Nepal Rastra Bank Act, 2058, prevailing law relating to banks and financial institutions, law relating to companies and any other laws applicable to the banks and financial institutions, the provisions made under this Memorandum shall automatically be deemed to have been amended in accordance with the provision of such Act/laws, and this Memorandum shall be amended accordingly.

12. Number of Shares Agreed by the Promoters to Subscribe:

We, the undersigned, persons whose names and addresses are subscribed below, are desirous of being formed into a public limited company, in pursuance of this Memorandum of Association and we respectively agree to take up the number of shares in the capital of the company set opposite to our respective names:

| S.N. | Name and address of promoters | Number of Shares Subscribed | Signature of Promoters / Representative | Names, Addresses and Signatures of Witnesses |
|------|---|-----------------------------|---|--|
| 1. | State Bank of India having its Central Office at Madam Cama Road, Bombay, India, duly represented by Mr. Shathiya Soloman Raj, Deputy Managing Director, International Banking, Central Office, Madam Cama Road, Bombay | 599,900 | Sd / - S. Raj | Mr. B. K. Das, Asst. General Manager, International Div., Central Office, Bombay |
| 2. | Mr. Aditya Bikash Chakravarty, General Manager, State Bank of India, Madam Cama Road, Bombay, India | 25 | Sd / - A.B. Chakravarty | Mr. Bharat R. Upreti, Gyaneswor, Kathmandu |

[Handwritten Signature]



| S.N. | Name and address of promoters | Number of Shares Subscribed | Signature of Promoters / Representative | Names, Addresses and Signatures of Witnesses |
|------|---|-----------------------------|---|---|
| 3. | Mr. Lingaraj Tripathi, Assistant General Manager, State Bank of India, Madam Cama Road, Bombay, India | 25 | Sd / - L. Tripathi | Mr. Subash Nemwang, Maitidevi, Kathmandu |
| 4. | Mr. Basudeb Sen, Assistant General Manager, State Bank of India, Madam Cama Road, Bombay, India | 25 | Sd / - B. Sen | Mr. Dilli Raj Bhandari, Maitidevi, Kathmandu |
| 5. | Mr. Dilip Sharma, Chief Manager, State Bank of India, Madam Cama Road, Bombay, India | 25 | Sd / - D. Sharma | Mr. Mahesh Nepal, Maharajgunj, Kathmandu |
| 6. | Karmachari Sanchaya Kosh (EPF) having its Registered Office at Sundhara, Kathmandu, duly represented by Mr. Mukunda Prasad Ghimire, Administrator | 180,000 | Sd / - M.P. Ghimire | Mr. Sansar B. Shrestha, Naya Bazar, Kathmandu |
| 7. | Agricultural Development Bank Nepal having its Registered Office at Ramshah Path, Kathmandu, duly represented by its General Manager, Dr. Tilak Rawal | 60,000 | Sd / - Tilak Rawal | Mr. Narayan D. Manandhar, Paknajol, Kathmandu |

[Handwritten Signature]



Company Secretary