

MEMORANDUM AND ARTICLES OF ASSOCIATION
OF A
MICROFINANCE BANK

SPECIAL WARNING

This document is not prescriptive. It is intended only as a prototype for the information and guidance of all prospective investors in microfinance banking as well as existing community banks converting to microfinance banks.

The object clauses in the Memorandum of Association were derived from the permissible activities of a microfinance bank as contained in the Regulatory and Supervisory Guidelines for Microfinance Banks in Nigeria. Each institution is, however, expected to craft its Articles of Association in the way it would wish to be governed and in the manner that best suites its peculiar situation.

The Central Bank of Nigeria accepts no responsibility for any liability or loss which may arise, now or in the future, from the adoption of this document.

CERTIFICATE NO.....

THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS DECREE, 1990
COMPANY LIMITED BY SHARES

.....

MEMORANDUM

AND

ARTICLE OF ASSOCIATION

OF

XYZ MICRO FINANCE BANK LIMITED

Incorporated this.....day of.....2007

THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT, 1990
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION

OF

MICRO FINANCE BANK LIMITED

The name of the Company is **MICRO FINANCE BANK LIMITED**

The registered office of the Company will be situated in Nigeria.

The objects for which the Company is established are:

- a) Acceptance of various types of deposits including savings, time target and demand from individuals, groups and associations: except public sector deposits [government]
- b) provision of credit to its customers, including formal and informal self-help groups, individuals and associations:
- c) promotion and monitoring of loan usage among the customers by providing ancillary capacity building in areas such as record keeping and small business management; issuance of redeemable debentures to interested parties to raise funds from members of the public with approval of the CBN.
- d) collection of money or proceeds of banking instruments on behalf of its customers through correspondent banks;
- e) provision of payment services such as salary, gratuity, pension for the various tiers of government;
- f) provision of loan disbursement services for the delivery of credit

- programme of government, agencies, groups and individual for poverty alleviation on non-recourse basis;
- g) provision of ancillary banking services to their customers such as domestic remittance of funds and safe custody;
 - h) maintenance and operation of various types of account with other banks in Nigeria;
 - i) investment of surplus funds of the MFB in suitable instrument including placing such funds with correspondent banks and in Treasury Bills;
 - j) pay and receive interests as may be agreed upon between them and their clients in accordance with existing guidelines;
 - k) operation of micro leasing facilities, micro finance related hire purchase
 - l) and arrangement of consortium lending and supervise credit schemes to ensure access to micro finance customers to inputs for their economic activities;
 - m) receiving of refinancing or other funds form CBN and other sources, private or public, on terms mutually acceptable to both the provider of the funds and the recipient MFBs;
 - n) provision of micro finance related guarantees for their customers to enable them have grater access to credit and other resources;
 - o) buying, selling and supplying industrial and agricultural inputs, livestock, machinery and industrial raw materials to poor person on credit and to act as agent for any association for the sale of such goods or livestock;
 - p) investment in shares or equity of any body corporate, the objective of which is to provide microfinance services to poor persons;
 - q) Encouragement of investment in cottage industries and income generating project for poor persons as may be prescribed by the CBN
 - r) provision of services and facilities to customers to hedge various risks relating to microfinance activities.
 - s) provision of professional advice to poor persons regard investments in small businesses; rendering managerial, marketing, technical and administrative advice to customers and assisting them in obtaining services in such fields
 - t) Mobilize and provide financial and technical assistance and training to

Micro-enterprises.

- u) Provision of loans to microfinance clients for home improvement and Consumer credits; and
 - v) Performance of non-banking functions that relate to microfinance related business development services such as co-operatives and group formation activities, rural industrialization and other support services needed by micro enterprises.
 - w) The objectives set forth in any sub-clause of this clause shall not be Restrictively construed but the widest interpretation shall be given thereto, and shall not except when the context expressly so requires, be in any way limited to or restricted by references to or inference from any other object or objects set forth in such sub-clause or from the terms of any other sub-clause or from the name of the Company. None of such sub-clauses or the object or objects therein specified or the powers thereby conferred shall by or provided in any one or more of the said sub-clauses.
4. The liability of the members is limited.
 5. The Company is a private company.
 6. The authorized share capital of the Company is N20,000,000.00 (Twenty Million Naira) divided into 20,000,000 (Twenty Million ordinary share of N1.00 (One Naira) each.

We, the several persons whose names and addresses are subscribed are desirous of being formed into a Company, in pursuance of this Memorandum of Association and we respectively agree to take the number of shares ins the Capital of the Company set opposite our respective names:

No.	NAME, ADDRESS AND DESCRIPTION OF SUBSCRIBERS	NO OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURE
1.		XXXX	
2.		XXXX	
3.		XXXX	
4.		XXXX	
5.		XXXX	

Dated this day of2007

Witness to the above signature:

Name:

Address:

Occupation:

THE FEDERAL REPUBLIC OF NIGERIA
THE COMPANIES AND ALLIED MATTERS ACT
1990

COMPNY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

..... MICROFNANCE BANK LIMITED

INTERPRETATION

1. Subject as hereinafter provided and expects where the same are varied by or inconsistent with these Articles, the regulations contained in part II of Table "A" of the First Schedule to the Companies And Allied Maters Act, 1990 (hereinafter referred to as Table "A") shall apply to the Company.

Regulations 3, 11, 12, 13, 14 and 15 of table "A" shall not apply to the Company but the articles hereinafter contain and the remaining regulations of Table "A" subject to the modifications hereinafter expressed shall constitute the regulations of the Company.

PRIVATE COMPANY

2. The Company is a private company and accordingly:-
 - (a) the right to transfer shares is restricted in the manner hereinafter prescribed;
 - (b) the number of members of the Company (exclusive of persons who are in the employment of the Company and of persons who having been formerly in the employment of the Company were while in such employment and have continued after the determination of such employment to be members of the company) is limited to fifty. Provided that where two or more persons hold one or more shares in the Company jointly; they shall for the purpose of this regulation be treated as a single member;

(c) any invitation to the public to subscribe for any shares or debentures of the Company is prohibited;

(d) The Company shall not have power to issue share warrants to bearer.

SHARE ISSUE

3. Subject to any direction to the contrary that may be given by the meeting sanctioning the increase in capital, all new shares of whatever kind shall be offered to the members in proportion to the nominal value of the existing shares held by them, and such offer shall be made by them, and such offer shall be made by notice specifying the number of share to which the member is entitled and limiting a time within which the offer if not accepted will be deemed to be declined to accept the member to whom such notice is given that he declined ot accept the share so offered, the directors may dispose off the same in such manner as they may think most beneficial to the Company

If, owing to any inequality in the number of new shares to be issued of such new shares any difficulty shall arise in the apportionment of nay new shares amongst the members, such difficulty shall in the absence of direction by the company be resolved by the directors.

LIEN

4. The Company shall have a first and paramount lien on every share for all money (whether presently payable or not) called or payable at a fixed time in respect of that share, and the company shall also have a first and paramount lien on all shares standing registered registered in the name of a single person for all moneys presently payable by him or his estate to the company. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

CALLS

5. The directors may, from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof, made payable at fixed times, and each member shall (subject to receiving at least 14 to the dates notice specifying the time or times and place of payment) pay to the Company at the time or times so specified, the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

TRANSFER AND TRANSMISSION

Subject to the provisions hereinafter contained, any share in the Company shall be transferable by written instrument in the common form signed by both the transferee and the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in then register of members in respect thereof.

The Directors may in their absolute discretion and without assigning any reason decline to register:-

- (a) any transfer of a share on which the company has a lien;
- (b) any transfer of a share (whether fully paid or not) to a person of whom they do not approve.
- (c) any transfer of a share the registration of which would cause the number of members to exceed the maximum permitted by article 3 hereof.

The directors may also suspend the registration of transfers during the fourteen days immediately preceding the annual general meeting in each year.

If the Directors refuse to register a transfer, they shall within one month, after the date on which the transfer was ordered with the company, send to the Transferee notice of the refusal.

The Directors may also refuse to register any instrument of transfer unless:-

- (a) A fee not exceeding twenty-five kobo is paid to the company in respect thereof and
- (b) The instrument of transfer is accompanied by the certificate of shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer and if the directors refuse to register a transfer of any shares they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of refusal.

The personal representatives of a deceased sole holder of a share shall be the only persons recognized by the company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors, or

survivor, or the personal representative of the deceased survivor, shall be the only persons recognized by the company as having any title to the share.

Any person becoming entitled to a share in consequence of death or bankruptcy of a member shall:-

- (a) upon such evidence produce as may from time to time be required by the directors, have the right either to be registered as a member in respect of the share or, instead of being registered himself, have some person nominated by he registered as the transferee of the share; but the company shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before his death or bankruptcy;
- (b) be entitled to some dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any rights conferred by membership in relations to meetings of the company.

ALTERATION OF CAPITAL.

7. The Company may from time to time by ordinary resolution increase the share capital of the company by such sum to be divided into shares of such amount as the resolution shall prescribe.
8. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.

NOTICE OF GENERAL MEETINGS.

9. The Annual General Meeting and any meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at least, from the date on which the notice was sent out and a meeting of the company other than an annual general meeting, or a meeting for the passing of a special resolution, shall be called by fourteen days' notice in writing at the least. The notice shall specify the place, the day and the hour of meeting and the general nature of the business shall be given in sufficient detail as to enable persons as are, under the regulations the company, entitled to receive such notices from the company to decide

whether to attend or not; and where the meeting is to consider a special resolution, the terms of such resolution shall be set out therein. Provided that a meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this regulation, be deemed to have been duly called if it is so agreed:-

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend a vote thereat; and
 - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.
10. Notice of a general meeting of the company shall only be given to the following persons: - every member of the company; every person upon whom the ownership of a share devolves by reason of his being a legal representative, receivers or a trustee in bankruptcy of a member; every director of the company; every auditor for the time being of the company; and the secretary.
11. Failure to give notice of a meeting to any person entitled to receive notice shall invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS.

12. All business shall be deemed special that is transacted at an Extra-Ordinary General Meeting and also all that is transacted at an Annual General Meeting, with the exception of declaring dividend, the consideration of accounts, balance sheets, the reports of the directors and auditors, the election of director in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.
13. No business shall be transacted at any general meeting unless quorum of members is present at the time when the meeting proceeds to business and for the purpose hereof, unless it is otherwise provided, two third members present in person or by proxy, or being a corporation and is represented in accordance with the provisions of Section 231 of the Act, shall be a quorum.
14. If within one hour from the time appointed for the meeting a quorum is not present, the meeting if convened upon the requisition of members shall be dissolved; and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at

such other time and place as the chairman and in his absence, the directors may determine, and at the adjourned meeting in a quorum is not present within one hour from the time appointed for the meeting; the meeting shall stand dissolved.

15. The Chairman, if any, of the Board of Directors shall preside every general meeting, or if at any meeting shall not be present within one hour after the time appointed for holding same or shall be unwilling to act as chairman, the directors present shall elect some director present to be chairman of the meeting or if no director be present or willing to take the chair, they shall choose one member present to be chairman of the meeting.
16. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman where he is a shareholder or a proxy; or by at least three members entitled to vote at the meeting, present in person or by proxy; or by the holders present in person or by proxy of at least one-tenth part of the total voting rights of all members having the right to vote at the meeting or by a member or members holding shares on which an aggregate sum paid upon all the shares conferring that right. Unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minute book of the company, shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution. A proxy need not be a member of the company.
17. Subject to the provisions of the Act, a dated resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (of being corporations, by their duly authorized representatives) shall be as valid and effectual as if the same had been passed at a general meeting of the company duly convened and held. And such resolution may consist of one or several documents each duly signed by or on behalf of one or more members (provided that each such document shall bear the same date).
18. A proxy may take part in the proceedings of a general meeting as if he were the member whom he represents.

VOTE OF MEMBERS.

19. On a show of hands every member present in person or by proxy shall have one vote and on a poll such member shall have one vote for each share of which he is the holder.

DIRECTORS.

20. The first directors of the Company shall be appointed by the subscribers to the Memorandum of Association.
21. Unless and until otherwise determined by the Company in general meeting, the number of directors shall not be less than three not more than seven.
22. The directors shall have power at any time and from time to time to appoint a person as an additional director to fill a casual vacancy; such appointment to be approved by the members at next Annual General Meeting.
23. The Company in General Meeting may from time to time direct such sums as may be thought fit to be paid as and by way of remuneration to the directors and any such sum shall be divided amongst them as they may agree, or failing agreement, equally. The directors shall also be entitled to be repaid all expenses reasonably incurred by them respectively in or about the performance their duties as directors.
24. Any director who, being so requested by the directors the directors, performs special or extraordinary services on behalf of the company, or who travels or resides outside Nigeria (or travels to or reside in any place other where he usually resides) for the purpose of discharging his duties may be paid such extra remuneration (whether by way of lump sum, salary, omission on participation in profits or otherwise) as the directors may determine.

POWERS AND DUTIES OF DIRECTORS.

25. The directors may grant retirement pensions or annuities or other gratuities or allowances, including allowances on death to any person or to the widow of or dependants of any person in respect of services rendered by the person to the Company, whether as managing director or in any other office or employment under the company or indirectly as an officer or employee of any subsidiary of the company, notwithstanding that he may be or may have been a director of the company; and the company may make payments towards insurances or trusts for such pensions, annuities and allowances in the term of engagement of any person.

26. The directors, from time to time, and at any time, may provide through local boards, attorneys or agencies for the management of the affairs of the company outside Nigeria, and may appoint any persons to be members of such local boards or as attorney or agents and may remove any person so appointed and appoint others in their place, and may fix their remuneration.
27. The directors, from time to time, and at any time may delegate to any such local board, attorney or agent, any of the power, authorities and discretion for the time being vested in the directors, where such delegation is provided for under any provisions of the Act other than the power to make calls, forfeit shares, borrow money or issue debentures and any such delegation may be made on such terms and subject to such delegation shall not amount to an abdication of duty; and the directors may at any time annul or vary such annulment or variation shall be affected thereby.
28. Any directors may at any time appoint any other director or other person to be his alternate and may at any time remove alternate director appointed by him, and appoint another in his place. An alternate director shall not be entitled to receive any remuneration from the company nor shall it be necessary for him to acquire or hold any qualification share, but he shall be entitled (subject to his giving to the company an address in Nigeria at which notices may be served on him) to receive notice of meetings of the directors and to attend and vote as director at any such meetings at which the director appointing him present and at such meetings to exercise powers, duties and authorities of the director appointing him. A director who is also an alternate director shall be entitled, in addition vote, to a separate vote on behalf of the director he is representing. An alternate director, if his appoint or cease for any reason to be a director, shall ipso facto cease to be alternate director. Every person acting as an alternate director shall be an officer of the company and shall alone be responsible to the company for his own acts and defaults and he shall not be deemed to be an agent of, or for the director appointing him. All appointment and removals of an alternate director made by any director in pursuance of this article shall be in writing under the hand of the director making the same and shall be sent to or left at the registered office of the company.

BORROWING POWERS.

29. The directors may exercise all the power of the Company to borrow money and to mortgage or its undertaking, property and uncalled capital,

or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for debt, liability or obligation of the Company or of any third party.

DISQUALIFICATION OF DIRECTORS.

31. The office of a director shall be vacated:-
 - (1) Upon removal in accordance with the provision of article 39 hereof.
 - (2) If by notice in writing to the Company he resigns the office of director.
 - (3) If he becomes bankrupt or insolvent or makes any arrangement or composition with his creditors generally.
 - (4) If he is prohibited from being a director by an order made under section 254 of the Decree.
 - (5) If he is found lunatic or becomes of unsound mind.
 - (6) If he is requested in writing by all the other directors to resign his office.
32. A director may hold any other office or place under the company except that of auditor, upon such terms as to remuneration, tenure of office and otherwise as may be determined by the board of directors.
33. A director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the directors at which any such contract or arrangement shall come before the meeting for consideration.
33. The company may, by ordinary resolution remove any director and may by an ordinary resolution appoint another person in his stead, such removal shall be without prejudice to any claim such director may have for damages or for breach of any contract of service between him and the company.

PROCEEDING OF DIRECTORS.

34. In case of an equality of votes, the chairman of the board should not have a second or casting vote.
35. The quorum necessary for the transaction of the business of the directors may be fixed by the directors and unless so fixed shall be two.

36. A resolution in writing signed by each director or his alternate shall be as valid and effectual as if it had been passed at any meeting of the directors duly convened and held and when signed may consist of several documents each signed by one or more of the aforesaid.

WINDING UP.

37. In writing up, the liquidator may, with the sanction of a special resolution, distribute all or any of the assets in specie among the members in such proportions and manner as may be determined by resolution, provided always that if any such distribution determined to be made otherwise than in accordance with the existing rights of the members, every member shall have the rights of dissent and other ancillary rights as are provided in the Act.

INDEMNITY.

38. Every director, managing director, agent, auditor, secretary and other officer for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour in which he is acquitted or in connection with any application under section 641 of the Act in which relief is granted to him by the court.

THE SEAL.

39. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and in the presence of at least one Director and the Secretary or such other person as the Directors may appoint for the purpose; and the Director and Secretary or other person as aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

No	NAME, ADDRESS AND DESCRIPTION OF SUBSCRIBERS	SIGNATURE
1.		
2.		
3.		
4.		
5.		

Dated this..... day of 2007

Witness to the above signature

Name:

Address:

Occupation:

