

Adopted
at the General Shareholders Meeting

On ~~4 March~~ 1 May, 201~~4~~5
Protocol No 1

C H A R T E R

Of the Joint Stock Company

"T B C B a n k"

(Amended and Restated)

Tbilisi

201~~4~~5

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ARTICLE 1. GENERAL PROVISIONS

- 1.1. The name of the company is:
In Georgian: სააქციო საზოგადოება "თიბისი ბანკი"
In English: Joint Stock Company "TBC Bank".
- 1.2. The company (the "Bank") was established on December 17, 1992 at the Constitutive Meeting of the Shareholders and was registered by the National Bank of Georgia, pursuant to Resolution No 85 dated January 20, 1993.
- 1.3. The Bank is a joint stock company, established for an unlimited period. The rights and responsibilities of the Bank shall be determined by the law of Georgia "On the Activity of Commercial Banks", the Law of Georgia "On Entrepreneurs", normative acts of the National Bank of Georgia and the Financial Supervision Agency, this Charter and other respective normative acts in force in Georgia. The Bank shall also be guided by rules and standards of international banking practice.
- 1.4. The Bank has its stamp with its name, logo and other respective requisites on it.
- 1.5. The legal address of the Bank is: 7, Marjanishvili street, 0102, Tbilisi, Georgia. E-mail address is: info@tcbank.ge.
- 1.6. The Bank may carry out all types of activities allowed to the bank holding a banking license in conformity with the current legislation of Georgia.
- 1.7. Subject to requirements of Georgian law, if any form of payment or banking activity is not envisaged and/or regulated by the laws of Georgia, the Bank may follow international practice.

ARTICLE 2. CHARTER CAPITAL AND SHARES OF THE BANK

- 2.1. The authorized capital of the Bank is GEL 22,482,610.80 (twenty two million four hundred eighty two thousand six hundred and ten Lari, eighty tetri) ~~GEL 21,236,254.80 (twenty one million two hundred thirty six thousand two hundred and fifty four Lari, eighty tetri)~~. The authorized capital of the Bank is divided into 56,206,527 (fifty six million two hundred and six thousand five hundred and twenty seven) ~~53,090,637 (fifty three million ninety thousand six hundred and thirty seven)~~ common shares with par value of 0.4 Georgian Lari each.
- 2.2. Common shares are the registered shares enjoying voting right. One common share grants one voting right at the General Meeting of Shareholders of the Bank (the "General Meeting").
- 2.3. Shareholders of the Bank shall have preemptive rights pro rata to their respective shareholding in the Bank, with respect to any increase of the share capital of the Bank or the issuance by the Bank of new shares or securities convertible into, exchangeable for or otherwise granting the right to acquire share capital of the Bank (including options, warrants and other rights) on the same terms and conditions as offered to any other purchaser of such shares or share equivalents.
- 2.4. The Bank shall notify each of the shareholders in writing about the increase of the share capital and issuance of any shares and/or securities referred to in Clause 2.3. and

for a period of at least one month from receipt of the notice, the shareholders shall have the right to purchase the offered shares and/or securities.

ARTICLE 3. RIGHTS AND RESPONSIBILITIES OF SHAREHOLDERS

3.1. A shareholder is entitled to:

- (a) attend the General Meeting and participate in voting personally or through a proxy;
- (b) demand explanations from the directors and members of the Supervisory Board of the Bank (the "**Supervisory Board**") with respect to issues included in the agenda of the meeting and express its opinion;
- (c) participate in the distribution of profit;
- (d) receive dividends;
- (e) exercise preemptive rights in accordance with Clause 2.3 and Clause 2.4 of this Charter.

3.2. A shareholder shall have all other rights granted by Georgian law.

ARTICLE 4. DISTRIBUTION OF PROFIT

- 4.1. Management Board of the Bank (the "**Management Board**") submits annual financial statements to the General Meeting for approval.
- 4.2. The Management Board shall prepare a proposal on distribution of the net profit and submit it to the meeting of the Supervisory Board. The Supervisory Board shall submit the approved proposal on distribution of the profit to the General Meeting. If the Management Board and the Supervisory Board fail to agree on distribution of the profit, both proposals shall be submitted to the General Meeting. The General Meeting may approve one of the proposals or decide not to distribute the profit at all.

ARTICLE 5. GOVERNING BODIES OF THE BANK

5.1. *General provisions*

Governing bodies of the Bank are: the General Meeting, the Supervisory Board and the Management Board.

5.2. *General Meeting of Shareholders*

- 5.2.1. The General Meeting is the supreme governing body of the Bank. The General Meeting can be either regular or extraordinary.
- 5.2.2. A regular General Meeting shall be convened annually not later than three months from the day of preparation of annual balance sheet. In all other cases an extraordinary General Meeting of Shareholders (the "**Extraordinary Meeting**") shall be convened. An Extraordinary Meeting shall be convened within 20 days from submission of the

written request of the Management Board, Supervisory Board or shareholders holding at least 5% of the shares of the Bank.

- 5.2.3. The General Meeting shall be convened in accordance with the procedures set forth in Georgian law.
- 5.2.4. General Meetings shall be chaired by the chairman of the Supervisory Board, in case of his/her absence – by deputy chairman, in case of the absence of the deputy chairman - by one of the directors.
- 5.2.5. Any shareholder holding a common share of the Bank may attend and vote at the meeting personally or through a proxy.
- 5.2.6. The General Meeting is quorate if the holders of more than 50% of all voting shares are present or represented at the General Meeting. If the general meeting is not quorate, the Supervisory Board shall convene the General Meeting with the same agenda, which shall be quorate if the holders of more than 25% of all voting shares are present or represented. If the General Meeting convened for the second time is not quorate, the Supervisory Board shall convene a General Meeting with the same agenda, which shall be quorate irrespective of the number of voting shares present or represented at the General Meeting.
- 5.2.7. The General Meeting by a simple majority of votes present or represented:
 - (a) elects and dismisses the members of the Supervisory Board of the Bank;
 - (b) approves the reports of the Management Board and Supervisory Board;
 - (c) approves annual financial statements submitted by the Management Board;
 - (d) sets the compensation of the Supervisory Board members;
 - (e) decides on bringing a law suit against the directors and the Supervisory Board members, including appointment of the representative of the Bank for such proceedings;
 - (f) approves or rejects the profit (dividend) distribution proposal prepared by the Supervisory Board and the Management Board;
 - (g) amends the charter of the Bank;
 - (h) approves reduction in the share capital of the Bank or of its shares or securities convertible into, exchangeable for or otherwise granting the right to acquire share capital of the Bank (including options, warrants and other rights);
 - (i) determines a date for payment of contribution by the shareholders and/or requests its payment;
 - (j) approves the merger of a subsidiary in which the Bank owns more than 50% of the voting rights with the Bank;
 - (k) takes any action for liquidation, commencement of a general assignment to creditors or voluntary winding up under applicable bankruptcy, insolvency or

similar laws now or hereafter in effect with respect to any subsidiary where the assets of such subsidiary account for more than ten per cent (10%) of the total consolidated assets of the Bank or such subsidiary has earnings before interest, tax, depreciation and amortization representing more than ten per cent (10%) of the Bank's total consolidated earnings before interest, tax, depreciation and amortization (the "**Key Subsidiary**");

- (l) approves any increase in share capital of the Bank or issuance of shares or securities convertible into, exchangeable for or otherwise granting the right to acquire share capital of the Bank (including options, warrants and other rights);
- (m) cancels preemptive rights of the shareholders provided for in Clause 2.3 of this Charter;
- (n) resolves on any other matter in respect of which an affirmative vote of a General Meeting is required under Georgian law

5.2.8. Subject to requirements of Georgian law, the following decisions of this Clause 5.2.8 may be taken by the General Meeting with a majority of more than 75% of the votes present or represented:

- (a) approving merger, division or other reorganization of the Bank, except for the merger set forth in 5.2.7 (j);
- (b) taking of any action for liquidation, commencement of a general assignment to creditors or voluntary winding up under applicable bankruptcy, insolvency or similar laws now or hereafter in effect with respect to the Bank.

5.3. *Supervisory Board*

- 5.3.1. Supervisory Board of the Bank, consisting of seven members, supervises the activities of a Bank.
- 5.3.2. Any person meeting the requirements set forth by Georgian laws may be a member of the Supervisory Board. A director of the Bank may be a member of the Supervisory Board. However, the directors shall not comprise the majority of the Supervisory Board.
- 5.3.3. Members of the Supervisory Board are elected by the General Meeting for a term of four years. After expiry of the term of any member, their powers shall be extended till the election of a new member of the Supervisory Board. General Meeting may dismiss the members of the Supervisory Board prior to expiration of their term.
- 5.3.4. Supervisory Board shall elect the chairman and the deputy chairman of the Supervisory Board from its members by a simple majority of the votes of its members. The chairman of the Supervisory Board may not simultaneously act as a General Director. The chairman of the Supervisory Board (or the deputy chairman in his absence) is authorized to convene and preside over the meetings of the Supervisory Board.
- 5.3.5. Meetings of the Supervisory Board shall be held at least once per three months. The chairman or the secretary of the meeting shall prepare the minutes of the meetings and

the chairman shall sign the minutes. Meetings of the Supervisory Board shall be convened in accordance with the Supervisory Board regulations.

- 5.3.6. The Supervisory Board is quorate if more than 50% of all of its members are present or represented.
- 5.3.7. Members of the Supervisory Board are expected to personally attend meetings. If the member is unable to attend a meeting in person, he may participate in the meeting by using telephone, video-conference, other technical means or may be represented at the meeting by another member of the Supervisory Board.
- 5.3.8. The meeting of the Supervisory Board need not be held if each member gives a written consent with regard to the matter(s) on the agenda for such meeting. If any member is against such a procedure, an actual meeting of the Supervisory Board shall be held to discuss the matter.
- 5.3.9. The Supervisory Board by a simple majority of the votes present or represented:
- (a) appoints and dismisses the General Director and other directors of the Bank;
 - (b) approves purchase, alienation, and disposal of property, value of which exceeds 3% of the Bank's equity determined in accordance with the International Financial Reporting Standards promulgated by the International Accounting Standards Board and based on the latest audited year-end results of the Bank ("**Bank's Equity**");
 - (c) creates audit committee and any other committees at the Supervisory Board;
 - (d) approves issuance of procura (power of attorney);
 - (e) approves establishment and liquidation of the branches of the Bank;
 - (f) approves a transaction or a series of transactions with respect to the Bank's borrowing if it exceeds 20% of the Bank's Equity;
 - (g) elects, changes or removes an external auditor of the Bank;
 - (h) approves listing of the shares of the Bank on a stock exchange;
 - (i) approves acquiring shares/ownership interest in, investing in, or disposing of shares/ownership interest in legal persons for total consideration in excess of an aggregate total of one million US Dollars (\$1,000,000) or its equivalent in another currency in the aggregate;
 - (j) approves any sale, lease, exchange, transfer, pledge, mortgage, contribution or other disposition of the assets of the Bank or Key Subsidiary exceeding 5% or more of the Bank's Equity, except for any Security (as this term is defined in Clause 5.3.10(c) hereof) upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any Repo Transaction with the National Bank of Georgia;
 - (k) reviews and approves financial indicators for the next year, including the business plan or annual budget;

- (l) approves the Supervisory Board regulations; and
- (m) resolves on any other matter that falls within the competence of the Supervisory Board under the laws of Georgia.

5.3.10. For the purposes of this charter:

- (a) a "Repo Transaction" means a transaction pursuant to a Securities repurchase or resale agreement or reverse repurchase or resale agreement, a Securities lending or rental agreement or any agreement relating to Securities or mortgage loans which is similar in effect to any of the foregoing;
- (b) "Securities" means any equity, share, debenture, mortgage-backed securities, certificates of deposits, treasury bills or other debt or equity instrument, or derivative thereof, whether issued by any public or private company, any government or agency or instrumentality thereof or any supranational, international or multinational organization;
- (c) A "Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

5.3.11. Subject to any additional requirement of Georgian law with respect to transactions with related parties, the Supervisory Board approves the entering into any Related Party Transaction, other than the transaction with a Subsidiary, with an affirmative vote of at least 5 members.

5.3.12. For the purposes of this charter:

- (a) a "Related Party Transaction" shall mean, together, all agreements, arrangements and transactions, as well as all payments made in respect of all agreements, arrangements and transactions, between, on the one hand, the Bank and/or any of its Subsidiaries and, on the other hand, any Related Party, other than remuneration of, and the grant of indemnities to, members of the supervisory board, management board and/or administrators of the Bank or any Subsidiary;
- (b) a "Subsidiary" shall mean, any subsidiary of the Bank where the Bank owns 50% or more of the voting shares/ownership interest;
- (c) a "Related Party" shall mean, (a) any member (currently or within the previous twelve months) of the Bank's or its Subsidiary's supervisory board, management board or executive body, the Bank's or Subsidiary bank's administrator (as defined under Georgian law) or any person that holds, directly or indirectly, at least 5% of the voting shares/ownership interest of the Bank or its Subsidiary; (b) any entity in which the persons listed in (a) hold positions in the management board or governing bodies of such entity or own directly or indirectly more than 10% of the voting shares/ownership interest; (c) any Connected Person of (a) and (b) above; (d) any Subsidiary; and (e) any other person that is considered as a "related party" under Georgian law; and
- (d) a "Connected Person" shall mean with respect to any person, (a) if such person is a natural person, the spouse, parents, siblings and children of such person; (b) any

person which holds (in the case of a legal person), directly or indirectly, more than 20% of the voting shares/ownership interest of such person; and (c) any legal person, over 20% of whose voting shares/ownership interest are, directly or indirectly, owned or controlled by the persons listed in (a) above.

- 5.3.13. A Supervisory Board member shall not take part in any discussion or decision-making that involves any subject or transaction in which he/she has a conflict of interest with the Bank. In case the number of members of the Supervisory Board who are not precluded from voting on the Related Party Transaction is less than five, the decision shall be taken by such remaining members unanimously.
- 5.3.14. Subject to requirements of Georgian law, Supervisory Board may delegate the approval of Related Party Transactions, with a value of less than USD 100,000, to the Management Board or to other body or officer of the Bank.
- 5.3.15. If at the meeting of a Supervisory Board the votes are equally divided, the chairman of the Supervisory Board shall have the casting vote.

5.4. *Management Board*

- 5.4.1. The Management Board carries out day-to-day management of the Bank. The Management Board's regulations are approved by the Supervisory Board.
- 5.4.2. The members of the Management Board are: the General Director, First Deputy General Director, Deputy General Directors and the Directors. The number of the members on the Management Board at any time is determined by the Supervisory Board, provided the number of directors in the Management Board shall not be less than 3. The members are appointed and dismissed by the Supervisory Board. The directors shall be appointed for the maximum term of 4 years. The scope of authority of a director is defined by a contract entered into with the director upon appointment.
- 5.4.3. The General Director leads the activities of the Management Board. General Director, the First Deputy General Director and Deputy General Directors are severally authorized to represent the Bank in legal relations with the third parties. They are authorized to issue and annul procura with the consent of the Supervisory Board.
- 5.4.4. Without limiting their ability to decide on other matters falling within their competence, the Management Board may not decide on any matters that fall within the competence of the General Meeting or the Supervisory Board.
- 5.4.5. The Management Board is quorate if the majority of the directors are present or represented. Decisions at meetings of the Management Board shall be adopted by a simple majority of votes. If the votes are equally divided the General Director shall have the casting vote.
- 5.4.6. In case of absence or temporary inability to fulfil the obligations, the General Director may temporarily transfer his powers to its first deputy, and in case of absence of the first deputy, at the consent of the Supervisory Board, to one of the members of the Management Board, to be executed in writing – in a form of an order of General Director.

5.4.7. A Management Board member shall not take part in any discussion or decision-making that involves any subject or transaction in which he/she has a conflict of interest with the Bank.

5.5. *Audit Committee*

5.5.1. The Audit Committee shall be established within the Supervisory Board based on its decision.

5.5.2. The main function of the Audit Committee is to support and assist internal audit and external auditors of the Bank.

5.5.3. The Audit Committee shall periodically report to the Supervisory Board about its activities.

ARTICLE 6. FINAL PROVISIONS

6.1. This Charter (amended and restated) will enter into force after its adoption by the General Meeting.

6.2. This Charter is drafted in English and Georgian languages. In case of inconsistency between the Georgian and English versions the Georgian version shall prevail.

6.3. If one or more provisions of this Charter are (or become) invalid, this shall not affect the validity of the remaining provisions.

6.4. All disputes between the Bank's shareholders, various bodies of the Bank and/or third parties related to the interpretation of rights and responsibilities arising from this Charter and its provisions shall be settled by the court in accordance with Georgian law.

Badri Japaridze

Deputy Chairman of the Supervisory Board

Vakhtang Butskhrikidze

General Director

