

Joint Stock Company

“BASISBANK”

Charter

(With changes and amendments)

Tbilisi, Georgia
2012

Article 1. Legal Status

1.1 Joint Stock Company “Basisbank” (hereinafter referred to as “Bank”) established on August 16, 1993, registered by the National Bank of Georgia on November 04, 1993 according to the Law of Georgia on Entrepreneurs, under the resolution of Mtatsminda district court of September 11, 1996, as the legal entity, Joint Stock Company (registration N4/5-44).

1.2. The company name of the Bank is:

1.2.1 In Georgian სააქციო საზოგადოება „ბაზისბანკი“

1.2.2 In English: **Joint Stock Company “Basisbank”**.

1.3. The present Charter is approved by the meeting of shareholders on 22 September 2012. (protocol I N47)

1.4. In accordance with the Georgian legislation, Bank holds license for the banking activities issued by the National Bank of Georgia (November 4, 1993, license N173).

1.5. The Bank is incorporated for the unlimited period of time.

1.6. Legal address of the Bank is: N1, Ketevan Tsamebuli Avenue, Tbilisi, 0103, Georgia. E-mail: info@basisbank.ge

1.7. The Bank is a universal banking institution and is authorized to carry out any kind of activity, permitted for the licensed commercial banks in full compliance with the law.

1.8. Fiscal year of the Bank coincides with the calendar year and starts on January 1st of each year and ends on December 31st.

1.9. Responsibility of the Bank before its creditors is limited to its total assets.

1.10 The Bank does not bear responsibility for the obligations of the state or shareholders. The responsibility of shareholders over the Bank’s material obligations shall be defined within the scope of the shares held by them.

Article 2. Authorized Capital and Shares

2.1. The authorized capital of the Bank is **16 137 647 (sixteen million one hundred and thirty seven thousand six hundred and forty seven) GEL**;

2.2. The share capital of the Bank is divided into **16 137 647 (sixteen million one hundred and thirty seven thousand six hundred and forty seven)** ordinary shares. The par value of one share is **1 (one) GEL**;

2.3. The authorized share capital of the Bank consists of **16 137 647 (sixteen million one hundred and thirty seven thousand six hundred and forty seven)** issued ordinary shares.

2.4. The Bank may issue its securities of ordinary as well as preference shares in the manner and amount prescribed by law.

2.5. The quantity, type, par value, shareholder details as well as any other information shall be recorded with a share registrar. The share register of the bank shall be maintained by an independent registrar.

2.6. The authorized capital of the bank may be changed by resolution of the General Meeting of Shareholders in compliance with the applicable laws.

Article 3. Seals, Stamps

3.1. The bank has the round-shaped seal and rectangular date stamp. Name of the bank is expressed on both of them.

3.2. The branch of the bank (service center) has the seal, on which the logotype and the address of the branch (service center) might be expressed.

3.3. Other structural unit of the bank might also have a seal.

3.4. Seals and stamps shall be used in accordance with the rule established by the board of directors.

Article 4. Rights and Obligations of Shareholders

4.1. Shareholder of the ordinary shares is authorized to:

4.1.1. in time receive full information about place, date, and agenda of the General Meeting of Shareholders, also information regarding the agenda of the meeting.

4.1.2. participate in the management of the Bank through taking part in the General Meeting of Shareholders, and carry out the voting right at the General Meeting of Shareholders;

4.1.3. receive dividends – the amount of distributed profits, that is proportionate to his/her share amount in the authorized capital of the Bank;

4.1.4. purchase or sell his/her own shares in accordance with the terms defined under the Charter 4.1.5. use the pre-emptive right for new shares pro rata to his/her shares in the authorized capital;

4.1.6. delegate his/her rights to other legal entities or physical persons on the basis of power of attorney.

4.2. The shareholder of the Bank is obliged to:

4.2.1. fulfill the present Charter;

4.2.2. act in accordance with the decisions of the General Meeting of Shareholders;

- 4.2.3. obtain prior written consent from the Supervisory Board when using the shares as security of request;
- 4.2.4. when willing to sell or transfer his/her shares, inform other shareholders about this in writing through the Supervisory Board, indicating the number of shares and price per share.
- 4.3. The Bank shareholder also has rights granted under the legislation and others.

Article 5. Managing Bodies of the Bank

5.1. The managing bodies of the Bank are: the General Meeting of Shareholders, the Supervisory Board and the Board of Directors.

Article 6. General Meeting of Shareholders

- 6.1. The General Meeting of Shareholders is the supreme governing body of the Bank.
- 6.2. The General Meeting of Shareholders shall carry out two types of meetings: regular shareholders meeting and additional shareholders meeting.
- 6.3. Each ordinary share shall entitle the right of one vote to its holder at General Meeting of Shareholders.
- 6.4. At the General Meeting of Shareholders quorum is reached, if it is attended or represented by the simple majority of votes. Attendance of the General Meeting of Shareholders is also possible through “conference communication” or/and via authorized representative.
- 6.5. Throughout the General Meeting of Shareholders, the member is able to declare his/her position both in verbal and in written form. The General Meeting of Shareholders is capable to make decisions only at such meetings.

Chapter 7. Authority of General Meeting of Shareholders

- 7.1. The General Meeting of Shareholders shall:
 - 7.1.1. make decisions on changes and amendments to the present Charter;
 - 7.1.2. make decisions on the export of shares or other securities of the Bank on the market of securities;
 - 7.1.3. make decisions on rules of purchase and selling of shares and other owned securities of the Bank;
 - 7.1.4. elect the Supervisory Board, approve of its (including the board committee(s)) budget;
 - 7.1.5. approve the annual audited financial statements of the Bank;
 - 7.1.6. make decisions on distribution and usage of net profit of the Bank;
 - 7.1.7. make decisions on increasing/decreasing of the Bank’s capital;
 - 7.1.8. make decisions on alteration of legal status of the Bank, its merger with other Bank or organization or its liquidation;
 - 7.1.9. make decisions on other cases provided under the present Charter and the effective legislation.
 - 7.1.10. make decisions on participation in litigations against the Supervisory Board and the directors, including the appointment of representatives for such proceedings;
 - 7.1.11. approve the regulation of corporate governance of the Bank;
 - 7.1.12. approve the regulation about corporate ethics of the Bank.
- 7.2. If not otherwise provided under the present Charter, the decision shall be deemed accepted at the General Meeting of Shareholders by the simple majority of shareholders.

Chapter 8. Regular General Meeting of Shareholders

- 8.1. The regular general meeting of shareholders shall be held once a year, no later than two months after preparation of the audited fiscal account of previous year, which shall be prepared within the period of four months after completion of the year.
- 8.2. The regular general meeting of shareholders shall be held not earlier than 20 days after the invitations has been sent by the Chairman (in case of his/her absence another member of the Supervisory Board) to the shareholders and to the National Bank of Georgia. The Chairman of the Supervisory Board shall define the agenda of the meeting.
- 8.3. The regular general meeting of shareholders is headed by the Chairman of the Supervisory Board; in case of his/her absence the meeting shall be handled by the one of the Vice Chairman of the Supervisory Board.
- 8.4. The secretary of the meeting shall draw up the protocol on proceedings of the stockholders meeting and decisions made; the protocol of the shareholders meeting shall be signed by the chairman of the meeting and the secretary. The protocol shall reflect the place and time of the meeting, the list of participants, the agenda, the basic content of the opinions expressed at the meeting and the decisions made by the meeting.

Article 9. Additional General Meeting of Shareholders

- 9.1. The additional general meeting of shareholders may be invited by the request of the Chairman of the Supervisory Board, the Board of Directors and the shareholders or the group of shareholders holding at least 5% of shares.
- 9.2. Initiator shall present the demand on invitation of the additional shareholders meeting to the Chairman of the Supervisory Board, which ensures sending of the invitation of the additional meeting; together with the agenda

invitations shall be sent to shareholders and to the members of the National Bank of Georgia 20 days prior to the date planned for the meeting.

9.3. In regard with the interests of the Bank, the additional meeting may be invited with respect to a shorter period for notification. In such case, the notice shall be sent 5 days prior to the meeting day if shareholders will not claim against this procedure.

Article 10. Supervisory Board

10.1. The Supervisory Board determines the policies of Bank activities, gives relevant instructions and directions to the directors of the Bank.

10.2. The Supervisory Board is elected by the General Meeting of Shareholders. It provides general supervision of the Bank's activities, makes decisions on strategic directions of the Bank, ensures creation of effective and trustworthy system of internal and risk management controls, supervises activities of the executive bodies and is responsible and accountable to the General Meeting of Shareholders.

10.3. Supervisory Board of the Bank consists of 5 (five) members. Members of the Board will be elected by the general meeting of shareholders for an 4 (four) years period, but their authorities is valid upon expiration of term up to the next general meeting of shareholders,. The re-selection of board members is not subject to limitation. Election of members before the expiration is acceptable at any time to be carried out by the general meeting.

10.4. The General Director/Deputy General Directors of the Bank may not be the Member(s) of the Supervisory Board at the same time.

10.5. There is one Chairman of the Board, who is elected by the Board from its members with the simple majority of votes, for four years.

10.6. The Supervisory Board has two Vice/Chairmen who are elected by simple majority of the board for the period of 4 (four) years.

10.7. The Supervisory Board establishes Audit Committee in compliance with legislation of Georgia.

10.8. Duties and responsibilities of the Supervisory Board, principles of its independence, invitation and holding of board meetings, rules of supervision of decisions made at the board meetings is regulated by Georgian legislation and by regulation of Supervisory Board, which is approved by the General Meeting of Shareholders.

10.9. Meetings of the Shareholders shall be held no less frequently than four times per year. Meetings may be held in person, by phone, by proxy, by fax or by electronic means of communication. Minute of the Supervisory Board Meeting shall be signed by the Chairman of Supervisory Board and in case of his absence by one of the Vice Chairmen of Supervisory Board. The minute contains the following information: the date and the venue of the meeting, the list of participants, the agenda, the basic content of the opinions expresses at the meeting and the resolution(s) made by the meeting

Article 11. Board of Directors

11.1. In accordance with the activity policies defined by the Supervisory Board, the Board of Directors of the Bank shall maintain and carry out the activities related to the daily functions of the Bank.

11.2. The Board of Directors of the Bank consists of the Director General (who is managing the activities of the Board of Directors), Deputy Director General and other members of the Board of Directors.

11.3. The Director General of the Bank shall be appointed/dismissed by the Supervisory Board on the basis of consent of the General Meeting of Shareholders.

11.4. The Supervisory Board appoints the members of Board of Directors under the submission of Director General.

11.5. The Supervisory Board shall dismiss the Deputy Director General on its own initiative or on the basis of submission of the Director General.

11.6. It is inadmissible to appoint the person as a member of the Board of Directors of the Bank, who at the same time is the member of the board of directors of any other Bank or financial institution registered in Georgia (except when such financial institution is the subsidiary of the Bank).

11.7. Director General and Deputy Director General are appointed for 4 (four) years, but their authority continuous after this term before the respective decision of the Supervisory Board.

11.8. Election of the same person on the position of the member of the Board of Directors is unlimited.

11.9. On the position of General Director the appointment of the same person is unlimited.

11.10. The scope of the competence, duties, responsibilities, and activities of the Board of Directors, invitation and holding of board meetings, rules of supervision of decisions made at the board meetings is regulated by Georgian legislation and by internal regulation of the Board of Directors.

11.11. Directorate is authorized without consent of Supervisory Board:

11.11.1. to conclude deals on acquisition, alienation or loading of real estate and related rights if the value of each transaction does not exceed 500,000 (five hundred thousand) GEL.

11.11.2. to deal with Depo-SWAP, REPO and other similar operations and conclude transactions for securing these operations, regardless of the value of the transaction.

11.11.3. to conclude deals related to the transfer of property in the bank's ownership, in order to satisfy the bank's, as of the creditor's demand, regardless of the value of the transaction;

11.11.4. to acquire the property on a compulsory auction in order to satisfy the bank's, as of the creditor's demand, regardless of the value of the transaction;

11.11.5. to conclude deals on leasing of real estate, regardless of the value of the transaction.

Article 12. Representation of the Bank

12.1. The Bank is represented solely by the Director General and the Deputy Director General.

Article 13. Audit Committee

13.1. By the decision of the Supervisory Board, the Audit Committee shall be formed from the members of the Supervisory Board. The majority of the Audit Committee members shall be formed by independent members of the Supervisory Board.

13.2 Basic function of Audit Committee is to help internal audit and external audit of the Bank to exercise their functions.

13.3. Audit Committee presents reports about its activity periodically to the Supervisory Board.

Article 14. Branches, Service Centers and Representative Offices

14.1. Decision on launch of branches, service centers and representative offices shall be made by the Supervisory Board.

14.2. The branches, service centers and representative offices shall be launched in full compliance with the rules established under legislation.

14.3. The Supervisory Board shall define the field of the bank service and the activity, which should be carried out by the branches, service centers and representative offices.

Article 15. External Audit

15.1. The Bank annually invites an external auditor with international authority and ensures external audit check in accordance with relevant legislation.

15.2. Candidacy of the external audit is reviewed and approved by the Supervisory Board.

Article 16. Annual Report, Profit Distribution

16.1. Bank performs financial, statistics and other reports in accordance with the rule and period determined under legislation.

16.2. Board of Directors determines annual business and management report and proposal on profit distribution for the purpose of approving it by the Supervisory Board. In case of agreement on this proposal, Supervisory Board presents such proposal to the General Meeting of Shareholders; In case of disagreement, Board of Directors and Supervisory Board present independent proposals to the General Meeting of Shareholders.

16.3. Profit distribution is approved by the General Meeting of Shareholders.

Article 17. Termination of Bank Activities

17.1. Termination of the Bank activities shall be carried out in accordance with the laws of Georgia "On Activities of Commercial Banks", "On Entrepreneurs" and the legislation in force.

Article 18. Amendments and Additions in Charter

18.1. The Charter enters into force after it is approved by the General Meeting of Shareholders.

18.2. The Charter is made in Georgian and English languages. In case of a conflict between the two versions Georgian version shall prevail.

18.3. Each addition or amendment to the present Charter requires written form and should be approved by the General Meeting of Shareholders.

18.4. In case that additions and/or amendments are made to the effective legislation, the Charter should be amended in conformity with the legislation in force.