

# **Charter of Joint Stock Company Liberty Bank**

**(NEW EDITION)**

**Tbilisi  
2023**

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## Article 1. General Provisions

- 1.1. Joint Stock Company Liberty Bank (hereinafter, referred to as the “Bank”) is a joint stock company incorporated and existing under the laws of Georgia, registered under the identification (registration) number 203828304.
- 1.2. The Bank has its corporate name, stamp and logotype, as well as other relevant requisites of a legal entity:
  - Full name of the Bank in Georgian shall be: სააქციო საზოგადოება „ლიბერთი ბანკი“;
  - Full name of the Bank in English shall be: Joint Stock Company Liberty Bank.
- 1.3. The Bank’s registered office is located at 74 I. Chavchavadze Avenue, Tbilisi 0162, Georgia.
- 1.4. The Bank’s corporate existence is not limited in time.
- 1.5. The fiscal year of the Bank coincides with the calendar year. It consists of twelve months starting from January 1 and ending on December 31.
- 1.6. The Bank is established for the purposes of generating profits as an independent corporate entity through its recurring activities.
- 1.7. The Bank has its own property and it can appear in legal transactions under its own name, acquire property rights and non-property rights, undertake obligations, act as a claimant or a respondent in a court, an arbitration tribunal and/or mediation forum.
- 1.8. The Bank has its own balance sheet, is entitled to open settlement and other types of accounts (including foreign currency accounts) in Georgia and foreign countries.
- 1.9. The Bank is not liable for the obligations of its shareholders and the Bank’s shareholders are liable for the Bank’s obligations up to and including both paid and committed but yet unpaid contributions to the Bank’s capital.
- 1.10. The Bank has proprietary rights to various trademarks which it intends to use for various products and business dealings, including the firm name People’s Bank of Georgia; The Bank is authorised to do business as People’s Bank of Georgia, make any public announcements with such firm name and otherwise use the firm name People’s Bank of Georgia in its dealings alongside its current registered name.

## Article 2. Activities of the Bank

- 2.1. The Bank carries out its activities in accordance with the Law of Georgia on Entrepreneurs, dated August 02, 2021 (as amended), the Law of Georgia on “Activities of Commercial Banks”, dated February 23, 1996 (as amended), decrees, resolutions and other regulations of the National Bank of Georgia, the Financial Supervision Agency of Georgia or any authority exercising the functions of a central bank or otherwise having authority to regulate the banking sector in Georgia, documented administrative and accounting procedures, other laws of Georgia and this Charter. If there is no regulation or decree of the National Bank of Georgia, the Financial Supervision Agency of Georgia or any authority exercising the functions of a central bank or otherwise having authority to regulate the banking sector in Georgia, the Bank will act in accordance with international banking practices.
- 2.2. In accordance with the license issued by the National Bank of Georgia, the Bank provides lending, financial, settlement, cash and other banking services, including:
  - 2.2.1. Receiving interest bearing and non-interest bearing (demand, time and other) deposits and other refundable payment instruments;
  - 2.2.2. Issuance of loans, including, without limitation, consumer, mortgage, unsecured and other types of loans, engaging in factoring operations with and without the right of recourse, trade finance, issuance of guarantees, letters of credit and acceptance bills, including forfeits.
  - 2.2.3. Purchase and sale of monetary instruments for the Bank’s accounts as well as the accounts of the clients of the Bank (including, without limitation, cheques, promissory notes and depositary certificates), securities, futures, options and swaps with debt instruments and/or interest rates, currencies, interest rate instruments, debt instruments, foreign exchange instruments, precious metals and gems;
  - 2.2.4. Carrying out cash and non-cash transactions, providing cash collection services;
  - 2.2.5. Issuance and circulation of payment tools (payment notes, cheques and bills of exchange);
  - 2.2.6. Intermediary services on financial markets;
  - 2.2.7. Carrying out operations, attracting and placement of funds on behalf of clients (trust operations);
  - 2.2.8. Safekeeping and registration of valuables, including securities;
  - 2.2.9. Credit-information services;
  - 2.2.10. Provision of payment services, operation of payment systems, acting as a settlement agent;

- 2.2.11. Services related to any of the activities provided above;
- 2.2.12. In accordance with the Organic Law of Georgia "On the National Bank of Georgia", provision of virtual asset services for the benefit of another person, in particular, mutual exchange of convertible virtual assets (including through a self-service kiosk) in the national or foreign currency, in another virtual asset or financial instrument, the transfer of and/or custody over a convertible virtual asset or an instrument necessary for its use, that allows control over the virtual asset and supportive activities necessary for the provision of this service;
- 2.2.13. Any other type of banking activity carrying out of which is permitted for the Bank under the laws of Georgia;
- 2.3. When carrying out its activities the Bank is obliged to comply with applicable economic limits, standards and prudential ratios set by the National Bank of Georgia, the Financial Supervision Agency of Georgia or any authority exercising the functions of a central bank or otherwise having authority to regulate the banking sector in Georgia.
- 2.4. The Bank shall adhere to the rules and regulations set forth by the banking laws of Georgia regarding holding the equity interests by the Bank in other legal entities.

### **Article 3. Charter Capital, Shares and Other Securities**

- 3.1. The total authorised capital of the Bank amounts to GEL 44,942,483.39 (forty four million nine hundred forty two thousand four hundred eighty three Lari and thirty nine tetri).
- 3.2. The Bank's total authorised capital is divided into 4,489,682,955 (four billion four hundred eighty nine million six hundred eighty two thousand nine hundred fifty five) common shares and 4,565,384 (four million five hundred sixty five thousand three hundred eighty four) preferred shares. 40,636,780 common shares issued within the authorised capital are intended only for the purpose of conversion of preferred shares in consideration of common shares (in case of such conversion) and transfer of such shares to any third party for any other purpose is not allowed. Both common and preferred shares may be issued and placed subject to the limit set forth under the Charter for such type of shares (common or preferred share). Debt and/or equity securities, including without any limitation preferred shares that may be converted into common shares may be issued subject to the limit set forth for common shares in the authorised capital determined under the Charter. Nominal value per each common and preferred share is GEL 0.01. Each common share entitles its owner to one vote at the general meeting of shareholders.
- 3.3. The Bank may issue preferred shares in accordance with the laws of Georgia and the present Charter. Such preferred shares, if and when issued, shall form part of the issued capital and entitle their owners to a specific rate of dividend. The amount and rules of dividend payout for preferred shares will be defined under the relevant share issue prospectus (if any) in accordance with the applicable Georgian laws. Preferred shares will not be entitled to voting rights at the general meeting of shareholders.
- 3.4. The acquisition price of the newly issued shares of the Bank shall not be less than the nominal value per share.
- 3.5. In case of a shareholder's partial capital contribution, the right to receive dividend and any other right related to the ownership of shares, including voting rights, will raise pro rata to the actual capital contributions made.
- 3.6. Holders of the Bank's shares, initially the shareholders holding the shares of the same class, and then other shareholders, shall have a pre-emptive right to acquire newly issued shares subject to the proportion of the nominal value of such holder's shares to the total nominal value of all shares outstanding immediately prior to the issuance of such additional shares. Upon issuance of new shares, for which the pre-emptive rights have not been cancelled, the Bank shall notify its existing shareholders of such share issuance and their respective pre-emptive rights by publishing the respective information on its website or the electronic platform of the registration authority.. The shareholders holding at least 1 % (one per cent) of the Bank's shares (or such other smaller stake as might be envisaged by the applicable laws of Georgia) will also be entitled to receive a written notification via registered mail. The shareholders willing to exercise their pre-emptive rights shall acquire the shares within 14 (fourteen) days from the date of notification, after which the pre-emptive rights shall become null and void. In accordance with Articles 3.11 and 3.12 below, a pre-emptive right shall not exist with respect to (i) the shares issued within the authorised but un-issued capital designated for employee stock ownership purposes; and (ii) treasury shares in case of secondary placement of such treasury shares. In all other cases, cancellation/waiver of pre-emptive rights in relation to the newly issued shares shall be approved by the general meeting of shareholders or the management board in accordance with the applicable Georgian law and the present charter.
- 3.7. Maintenance of the register of the Bank's shares shall be carried out by an independent registrar in accordance with the established procedures, unless the applicable laws of Georgia determine otherwise.
- 3.8. Subject to the authorised capital determined under the Charter, the Bank may issue securities convertible into common and/or preferred shares.
- 3.9. The management board shall be authorised to adopt a decision on the issuance of new shares up to the maximum amount of authorised capital determined by the Charter. The term of validity of such authority is 5 (five) years.

The resolution of the management board regarding issuance of shares shall specify the quantity, class (if the authorised capital is divided into different classes) and minimum price of the to-be-issued shares as well as the term and/or other conditions of issuance of such shares.

3.10. The Management Board shall be authorised to adopt a decision on the issuance of new shares by transforming the reserve capital of the bank or by using undistributed profit, which shall be proportionally distributed to the shareholders.

3.11. If and when so decided by the general meeting of shareholders or the management board, part/all of the authorised but un-issued capital may be designated for an employee share ownership plan as approved by the supervisory board or management board. In such case, issuance of the new shares for any other purposes out of such (part of) authorised but un-issued charter capital so designated for the employee share ownership plan shall be forbidden. For avoidance of any doubt, the pre-emptive rights shall not apply to authorised but un-issued capital (or any part thereof) designated for the employee share ownership plan.

3.12. The Bank may redeem its shares in accordance with the rules and in the amount defined by the applicable laws of Georgia. In addition to the mandatory redemption of the shares envisaged under the applicable laws, the Bank may purchase and subsequently sell its own shares (the “**Treasury Shares**”) on its own volition. The Treasury Shares shall at no time exceed 25 % (twenty-five percent) of the total number of shares outstanding. The Bank’s Treasury Shares are not accounted for during the vote count, dividend distribution, liquidation and enforcement of other rights with respect to the shares. The same rule applies to the shares owned by subsidiaries of the Bank, save that the shares held by the subsidiaries on behalf of their clients/customers (i.e. where the subsidiary acts as a nominee holder of the shares) shall have voting right, may receive dividend and exercise other similar rights.

3.13. The Bank may issue bonds and other debt securities subject to the prior approval of the supervisory board.

## **Article 4. The Bank’s Shareholders**

4.1. The Bank’s shareholders are those persons who hold the shares of the Bank under the established rules and regulations and are registered with the independent share registrar of the Bank. The Bank’s shareholders may be legal entities established in Georgia and/or in foreign countries, citizens of Georgia and/or of other countries.

4.2. The shareholders are entitled to do the following:

4.2.1. Attend or be represented at the general meeting of shareholders and take part in voting (holders of common shares only);

4.2.2. Participate in the distribution of profit and receive their pro rata share of dividends;

4.2.3. Dispose of their shares in accordance with the rules defined by the applicable Georgian laws;

4.2.4. In case of the liquidation of the Bank, receive their pro rata share of the assets remaining after satisfaction of the claims of the creditors;

4.2.5. Holder(s) of 5% (five percent) or more of the outstanding shares are entitled to request a special inspection of the business activity or the annual financial report, if it is not subject to statutory audit under the applicable law. Such request shall be submitted to the bank in writing.

4.2.6. Holders of 5% (five percent) or more of the outstanding shares of the Bank are entitled to request that an extraordinary general meeting of shareholders be convened. A written request to this effect should be submitted to the Bank’s management board or supervisory board. If necessary, the Bank’s management board or supervisory board shall publish a decision on convening a general meeting within 10 (ten) days following the receipt of such request. A written request of a shareholder/shareholders on convening a general meeting shall specify the necessity, purpose and reasons for convening the meeting, as well as the agenda of the meeting, which shall include all items requested by the shareholder/shareholders.

4.2.7. A shareholder or a proxy holder shall not exercise a voting right if a general meeting is discussing the issue of bringing a claim against or concluding an agreement with such shareholder, or the shareholder has a conflict of interests with the issue being discussed, or that issue is otherwise directly related to the shareholder.

## **Article 5. Distribution of Profits**

5.1. Rules of profit distribution:

5.1.1. Within one month from the completion of the annual audit (but in any case, at least one month prior to the general meeting of shareholders), the management board of the Bank shall prepare a proposal on the distribution of profits and submit it to the supervisory board for approval. If the proposal on the distribution of profits is agreed upon, the supervisory board and the management board shall submit a joint proposal to the general meeting of shareholders. If the management board and the supervisory board fail to reach an agreement on distribution of profits, each of them shall submit a separate proposal to the general meeting of shareholders. The issue of distribution of profit shall be resolved /approved by the general meeting of shareholders.

5.1.2. Following the decision of the general meeting of shareholders, net profit, used for dividend payout, shall be distributed among the shareholders in accordance with the rules and procedures set out in Article 5.2 below.

5.2. Dividend payout:

5.2.1. The general meeting of shareholders shall fix the dividend record date (the “**Dividend Record date**”) which shall be at least 15 (fifteen) days after the general meeting of shareholders, provided that such date shall be a business day. Only the shareholders holding the Bank’s shares as of the closing of the Dividend Record Date will be eligible for dividends in proportion to the number of shares held by them.

5.2.2. The same general meeting of shareholders shall also fix the dividend payout date (“**Dividend Payout Date**”). The Dividend Payout Date shall be at least 5 (five) days after the Dividend Record Date, but in any case, within six (6) months from the date of adoption of the decision on dividend payout.

5.2.3. Dividend paid to a shareholder, which is not accepted by the shareholder, shall be annulled after five years from the date of the adoption of a decision on dividend payout and may not be claimed from the Bank.

## **Article 6. Governing Structure of the Bank**

6.1. The highest internal governing body of the Bank is the general meeting of shareholders.

6.2. The supervisory board oversees the activities of the Bank. Members of the supervisory board are elected by the general meeting of shareholders.

6.3. The Bank’s day-to-day management and administration is carried out by the management board (directors) appointed by the supervisory board. The management board is led by the Chief Executive Officer (General Director) of the Bank (the “CEO”).

## **Article 7. General Meeting of Shareholders**

7.1. Convening the general meeting of shareholders:

7.1.1. Ordinary/extraordinary general meeting of shareholders shall be convened by the supervisory board or management board annually, within two months following the completion of the external audit of the Bank’s books and in any event within six months from the end of the preceding fiscal year. An extraordinary general meeting of shareholders may also be called from time to time by either the supervisory board or the management board of the Bank or upon written request of the shareholder(s) holding at least 5% (five percent) of the Bank’s outstanding shares in accordance with Article 4.2.6.

7.1.2. A decision on convening the general meeting, which includes the time, place and the agenda of the general meeting of shareholders, shall be published on the electronic platform of the registration authority not later than 21 days prior to the date of the general meeting.

7.1.3. Each subsequent general meeting may be convened earlier than the minimum period referred to in paragraph 7.1.2, if the general meeting is convened due to the absence of quorum on the first general meeting, provided that the first general meeting has been convened in compliance with the procedure set forth by the laws of Georgia and no new item is added to the agenda. In such case, there shall be at least 10 (ten) days between the last general meeting and the following general meeting.

7.1.4. The supervisory board/management board determines the record date for the general meeting of shareholders in accordance with the applicable laws of Georgia.

7.1.5. The general meeting of shareholders is authorised to take decisions if a quorum is constituted. Unless the present charter and/or the applicable Georgian law determines otherwise, a quorum is constituted if a meeting is attended by the holder(s) of more than half of the voting shares or representatives thereof. If the general meeting of shareholders is inquorate, a new general meeting of shareholders shall be convened with the same agenda and within the period

determined by the supervisory board/management board in accordance with the procedures set forth in Article 7.1.2 and 7.1.3 above. Such general meeting of shareholders shall be deemed quorate irrespective of the number of attending (or represented) voting shareholders.

7.1.6. The general meeting of shareholders shall be presided over by the chairman of the supervisory board or in his absence by any member of the supervisory board as determined by the supervisory board. In the absence of the members of the supervisory board, the general meeting of shareholders shall be presided over by the CEO or his/her substitute. In the absence of the CEO or his/her substitute, the general meeting of shareholders shall be presided over by one of the directors as determined by the supervisory board. In the absence of the directors, the general meeting of shareholders shall be presided over by the person elected by the simple majority of attending voting shareholders.

7.1.7. The secretary of the general meeting shall draw up the minutes of the general meeting within 15 (fifteen) days after the completion of the general meeting, reflecting the convening, progress and results of the meeting that shall be signed by the chairman and the secretary of the meeting. The minutes of the general meeting of shareholders shall be certified by the notary only in cases where notarisation of such minutes is mandatory under the applicable Georgian law, in such case general meeting shall be drawn up by a notary and shall be signed by the chairman and the notary. The minutes shall be available to any shareholder, management of the Bank, members of the supervisory board and their representatives.

7.2. Representation at the general meeting of shareholders:

7.2.1. All shareholders registered with the share register as of the record date of the general meeting of shareholders shall have the right to attend and vote at the meeting.

7.2.2. A shareholder may exercise his/her/its voting rights at the general meeting of shareholders through proxy acting on the basis of the duly issued power-of-attorney certified by a notary. Representation by nominee shareholders (including without limitation the brokers and dealers) shall be regulated in accordance with the applicable laws and regulations of Georgia. Representation on the general meeting of shareholders may also take place in any other manner not forbidden under the applicable laws of Georgia;

7.2.3. A proxy holder shall cast votes in accordance with the instructions issued by the shareholder thus represented;

7.3. The general meeting of shareholders shall be authorised to take decisions on the following issues and/or on such other issues as follow from the Bank's Charter:

7.3.1. Adoption, approval and amendment of the Bank's Charter;

7.3.2. Consolidation of the Bank with another entity or any merger of, with, or into, another person or entity;

7.3.3. De-merger, separation, dissolution, making decision on reorganisation, Winding-up and liquidation of the Bank;

7.3.4. Change of the bank's subscribed capital (increase or decrease);

7.3.5. Granting authorisation of the redemption of shares by the bank;

7.3.6. Full or partial cancellation of shareholders' pre-emptive rights during the increase of subscribed capital, as well as giving consent to make such a decision;

7.3.7. Approval or rejection of the proposal of the supervisory board and/or the management board regarding the utilisation of profits, or if these bodies can not provide a joint proposal, making a decision about the utilisation of net profit;

7.3.8. Election and dismissal of the members of the supervisory board;

7.3.9. Determination of the terms and conditions of employment/service agreement with the members of the supervisory board, amendment or cancellation thereof, including the determination of remuneration in relation to the members of the supervisory board;

7.3.10. Approval or rejection of the reports of the supervisory board and the management board;

7.3.11. Making decision on participation in litigation against the members of the supervisory board and the management board, including the appointment of a representative in such litigation;

7.3.12. Making decisions on the acquisition, disposal, transfer, exchange (or such related transactions) or other encumbrance by the Bank on such property, asset or right, the value of which is more than 20% (twenty percent) of the total equity of the Bank (as defined below);

7.3.13. Approval of annual financial report and distribution of dividends

7.3.14. Selection, appointment and dismissal of independent auditor;

7.3.15. Increase and/or decrease of authorised capital of the Bank.

7.3.16. Adopt a decision on conducting a special inspection of a business transaction or an annual financial report based on the written application of shareholders holding at least 5 % of the outstanding shares.

7.3.17. Adopt decision on the issues falling within the scope of authority of the supervisory board or management board if such bodies address to the general meeting with a request to decide such issues;

7.4. All issues falling within the authority of the general meeting of shareholders shall be resolved by a simple majority of the attending votes, except for a) the issues set forth under articles 7.3.1, 7.3.2, 7.3.3, 7.3.4 and 7.3.15 of the present charter, that shall be resolved by no less than 75% of total voting shares; and b) the issues otherwise provided for by the applicable laws of Georgia that require higher amount of votes to be adopted than determined under the charter.

## Article 8. Supervisory Board

8.1. The supervisory board shall consist of at least 3 (three) and a maximum of 21 (twenty-one) members. The supervisory board and each holder of voting shares may nominate the candidate(s) to be elected as the supervisory board member(s).

8.2. Each member of the supervisory board shall be elected for the period of four years and their re-election shall not be limited. However, should this term end before the general meeting takes place, the term of such supervisory board member shall be considered extended until the next general meeting of shareholders.

8.3. Each member of the supervisory board may resign from the supervisory board upon at least a four-week prior written notice submitted to the chairman of the supervisory board (the chairman of the supervisory board resigns by submitting at least a four-week prior written notice to any other member of the supervisory board).

8.4. An individual cannot be a member of the supervisory board or he/she shall be dismissed from the supervisory board, if he/she is not eligible to serve as the member of the supervisory board of the Bank under the applicable laws of Georgia.

8.5. The supervisory board elects the chairman of the supervisory board. The chairman (or in case of his/her absence the senior independent member of the supervisory board (if any)) convenes the meetings of the supervisory board and determines the agenda. Any member may add items to the agenda or request that a meeting of the supervisory board is convened.

8.6. Meetings of the supervisory board shall be held at least once per quarter at the legal address of the Bank or at the request of any member of the supervisory board at any other location. A written notification with the respective agenda shall be sent at least eight days prior to the anticipated date of the meeting. With the agreement of all other members, the chairman (himself or at the request of any member) may call the meeting verbally or otherwise within a shorter period of time. The members of the supervisory board may be represented by other members of the supervisory board. Each member may represent only one other member of the supervisory board.

8.7. The supervisory board meeting may make decisions if it is quorate. The meeting is quorate if more than half of the members attend or are represented at the meeting. If a supervisory board member may not participate in voting due to having conflict of interests in relation to the issue on the agenda, the meeting is quorate if more than half of the members not being conflicted attend or are represented at the meeting. If the supervisory board is inquorate, the chairman of the supervisory board may convene the new meeting within 10 (ten) days. Such supervisory board meeting shall be deemed quorate irrespective of the number of attending (or represented) voting members. If votes are divided equally, the vote of the chairperson of the supervisory board, or in case of his/her absence, the vote of the chairperson of the meeting, shall be decisive.

8.8. Any meeting may be held via telephone, video conference calls and/or other means of electronic communication, as well as by sending the draft decision through e-mail to the supervisory board members and receiving confirmation from them in the same form.

8.9. The resolutions adopted by the supervisory board shall be reflected in the meeting minutes signed by the chairman and the secretary of the supervisory board. The minutes will be sent to all members of the supervisory board and approved (i) by consents of such number of the supervisory board members that is necessary for the adoption of the relevant resolution, expressed in written, telephone or any other means of electronic communication or (ii) at a subsequent meeting. The minutes shall state the place and time of the meeting, list of the attendees, agenda, brief summary of the discussions held at the meeting and the relevant resolutions. The minutes shall be certified by the notary only in cases where notarisation is mandatory under the applicable laws of Georgia. Without prejudice to the rule of the meeting minutes approval set forth under present Paragraph, the minutes signed by the chairman and the secretary, shall be considered fully binding and effective as of the date of its signing and the form of minutes and/or the resolutions adopted thereunder may not be disputed by third parties. When resolving issue(s) within the authorities of the supervisory board as per the Charter and/or the applicable laws of Georgia, the supervisory board may, under the minutes, authorise any member of the management board to be in charge of carrying out relevant resolution, determine the scope of his/her authorities in relation to the adopted resolution and/or authorise, in its sole discretion, to carry out any and all actions necessary to carry out the relevant resolution.

8.10. Each member of the supervisory board has one vote. A member of the supervisory board shall not participate or vote in supervisory board discussions regarding any agenda item where such member has a conflict of interests. Should the chairman be so excluded, then the supervisory board meeting shall be presided over by the senior independent member of the supervisory board (if any).



- 8.11. The supervisory board may decide, by a simple majority, to create committees. The composition of such committees and their respective authorities shall be determined by the supervisory board considering the requirements set forth under the applicable laws of Georgia and relevant regulations. Committees shall report their conclusions and recommendations to the supervisory board.
- 8.12. Tasks and competence of the supervisory board shall include the following:
- 8.12.1. Adoption, termination or amendment of the supervisory board regulations or similar rules related to the internal organisation of the supervisory board as well as adoption, termination or amendment of regulations regarding the organisation of meetings of the supervisory board by electronic means;
- 8.12.2. Making decision on consolidation and/or split of shares;
- 8.12.3. Determination, approval and change of the organizational structure of the Bank;
- 8.12.4. Determination and alteration of the accounting reference date or accounting policies or practices, subject to the requirements set forth under the applicable laws of Georgia;
- 8.12.5. Approval and change of the terms of reference of the committees existing with the supervisory board, other documents regulating the operation of such committees and policies within the authorities of the supervisory board as per the applicable laws of Georgia;
- 8.12.6. Supervising the Bank's corporate governance and compliance with the requirements set forth under the applicable laws and regulations of Georgia in relation to the corporate governance issues;
- 8.12.7. Supervising the activities of the management board;
- 8.12.8. Appointment and dismissal of the management board members and determination of the limits of their authorities;
- 8.12.9. Providing instructions to the management board on the general lines of the financial, social, economic and employment policies;
- 8.12.10. Inspecting the financial documentation, books and assets of the Bank, including without limitation, condition of cash, securities and goods of the Bank, either directly or through its individual members or invited experts (with the cost of hiring such experts borne by the Bank);
- 8.12.11. Requesting reports on the Bank's activities from the management board (including dealings with the affiliated companies and subsidiaries) and reviewing the information provided by internal audit or external inspections;
- 8.12.12. Convening an annual and/or extraordinary general meeting of shareholders, if the interests of the Bank so require;
- 8.12.13. Reviewing annual reports and the proposals of the management board on distribution of profits;
- 8.12.14. Initiation, conduction or settlement of any litigation or arbitration or mediation proceeding (except relating to debt collection in the ordinary and normal course of business or applications for an interim injunction or any other urgent application, document, action or inaction falling within the interests of the Bank, where it is not reasonably practicable to obtain the requisite consent of the supervisory board) where the dispute amount exceeds US\$ 500,000 or equivalent in other currency, or relates to criminal proceedings or the proceedings with affiliated persons who are in managerial positions, such as directors of the Bank;
- 8.12.15. Approval of the annual budget;
- 8.12.16. Appointment and dismissal of the members of the audit committee and other committees existing with the supervisory board;
- 8.12.17. Determination of the number of members of the management board, it being understood that as a matter of general principle, the management board shall not consist of more members than reasonably required for its proper functioning;
- 8.12.18. Determination, change or termination of the terms of engagement of any member of management board, including determination of the remuneration and/or additional benefits for the Bank's management board;
- 8.12.19. Selection, appointment or/ and change of the Bank's independent securities registrar;
- 8.12.20. Resolving issues falling within the authority of the supervisory board under the applicable laws of Georgia and/or this Charter.
- 8.13. The responsibilities of the management board may not be delegated to the supervisory board.
- 8.14. The following activities of the Bank may be carried out only with the approval of the supervisory board:
- 8.14.1. Exercise of voting rights in any material subsidiary of the Bank, including the exercise of rights to appoint, nominate or dismiss key executives of any material subsidiary of the Bank. Material subsidiary shall mean a subsidiary where the Bank controls or owns more than 50% of the voting capital or similar right of ownership and/ or where, as of the date of exercising such voting rights, the value of the Bank's investment in such subsidiary represents 5% or more of the Bank's total equity ("Total Equity") calculated as per the Bank's latest audited consolidated financial statements issued in accordance with the international financial reporting standards (IFRS). For the avoidance of any doubt, under present Charter the term Total Equity shall be interpreted as such part of the Bank's assets, remaining upon subtracting total liabilities from total assets;

- 8.14.2. Entry into any partnership or joint venture arrangement with any person;
- 8.14.3. Making any political contribution or political donation and/or any other financing (including disbursement of credit product);
- 8.14.4. Incorporation or establishment of a new subsidiary;
- 8.14.5. Acquisition and/or disposal of an interest in any shares and/or share participation in the capital of any corporate body, or in any instrument convertible into the shares and/or share participation in the capital of any corporate body (through one or several agreements), including, without limitation the acquisition and/or disposal of any such share or marketable securities (other than acquisitions/disposals made in relation to repo agreements), the aggregate value of which exceeds US\$ 1,000,000 or equivalent in other currency;
- 8.14.6. Any decisions which constitute an important change of the identity or the character of the Bank or its business or enterprise, including transfer of a material part, all, or substantially all, of its properties or assets in a single transaction or series of related transactions;
- 8.14.7. Application for the Bank's moratorium on debt payments or any other similar action for creditor relief measures of the similar legal effect;
- 8.14.8. Entry into or termination of a long-term (in excess of one year; or series of consecutive periods with the aggregate term in excess of one year) cooperation with another legal entity or company respectively, if the entry into such co-operation or termination thereof involves future receivables or payments for the Bank in excess of annual US\$ 1,000,000 or equivalent in other currency in aggregate;
- 8.14.9. Money borrowing and/or amendment of the key terms in relation to the borrowed money (principal amount, maturity term, interest rate, purpose, collateral) when the aggregate amount of the borrowed money exceeds 5% of the Bank's Total Equity and/or incurring any indebtedness (in a single event or in a series of events) in the amount set forth under present article other than treasury operations;
- 8.14.10. Factoring of the booked debts with the annual value in excess of 5% of the Bank's Total Equity or entering into any assignment agreement with the same aggregate value;
- 8.14.11. Except as otherwise provided for in this Charter, entering into any agreement or arrangement (including without any limitation the acquisition/disposal of any asset, lease, service and/or the agreement of any other type) with the value in excess of US\$ 1,000,000 or equivalent in other currency and/or execution of any agreement with any party to whom the Bank has executed agreement(s) within the same calendar year with the aggregate value of such agreement(s) in excess of US\$ 1,000,000 or equivalent in other currency and/or in favour of whom the Bank has incurred the expenses of the same amount. For the avoidance of any doubt, present article shall not apply to transactions carried out within the ordinary course of banking business, which include without any limitation credit and treasury operations (liquidity and foreign currency management operations), documentary and deposit taking operations;
- 8.14.12. Granting security over any asset of the Bank (in a single event or in a series of related events) other than treasury operations, whenever the book value of such asset is in excess of 5% of the Bank's Total Equity and/or entry into any agreement or arrangement pursuant to which the Bank shall bind itself as surety, guarantor, joint and several debtor or in other similar manner with the value of such commitment being in excess of 5% of the Bank's Total Equity;
- 8.14.13. Approval of key parameters, such as the interest rate, tenor and sufficiency of collateral of credit products (including bank credit, syndicated credit, credit line, overdraft, bank guarantee, letter of credit, factoring and any other product related to credit and/or documentary operation) issued by the Bank, or a subsidiary of the Bank engaged in the banking business, as well as the recipients of such loans, to (i) new clients of the Bank where the amount of net credit exposure of relevant credit product exceed(s) the Threshold Exposure Value (as defined below), or (ii) existing clients of the Bank for each case of issuance of additional credit product and/or extension of the maturity term, provided the Bank's net credit exposure to such existing client exceeds the Threshold Exposure Value; in each of (i) and (ii) regardless of whether such new or incremental credit products are to be issued to a single borrower or several affiliated borrowers and/or group of borrowers. The Threshold Exposure Value shall be set at 5% of the Bank's Total Equity and shall include the aggregate amount of all types of secured and unsecured credit products (other than credit products secured with cash and/or deposit, the amount of which shall be excluded from the Threshold Exposure Value and which may be disbursed without the approval of the Supervisory Board irrespective of the aggregate amount of such credit products). In the event that a credit product is partly secured by cash and/or deposit, the amount of such cash/deposit shall be excluded from the calculation of the Threshold Exposure Value;
- 8.14.14. Approval of collateral of credit products disbursed to the Bank's existing clients if the Bank's net credit exposure to such client exceeds the Threshold Exposure Value and the value of provided collateral is less than the existing collateral. For the avoidance of any doubt, replacement of cash/deposit collateral with other type of collateral may be performed upon the Supervisory Board approval irrespective of the value of provided collateral if the part of credit product that remains not covered by cash/deposit as a result of collateral replacement exceeds the Threshold Exposure Value;
- 8.14.15. Making any public or private offering of bonds and other debt securities.

8.15. The Supervisory Board and/or the members of the Supervisory Board may, within their sole discretion, delegate their duties and powers to the management board or any member(s) of the management board without the further consent of the general meeting unless it contradicts to the applicable laws and/or regulations of Georgia.

## Article 9. Management Board

9.1. The Bank's day-to-day activities are carried out by the management board. Members of the management board are appointed by the supervisory board.

9.2. The management board comprises of the CEO and the directors. The CEO and each management board director shall be appointed by the supervisory board.

9.3. No one can be appointed as a member of the management board or if so appointed he/she shall be discharged, if he/she is not eligible to hold the position of a director of the Bank in accordance with the applicable laws of Georgia.

9.4. The management board takes decisions within the authorities determined under the applicable laws of Georgia and/or the Charter by more than a half of the members of the management board. The resolutions adopted by the management board shall be drawn up in the form of minutes and signed by the chief executive officer.

9.5. The management board shall within its authorities:

9.5.1. Conduct and carry out the Bank's day-to-day activities;

9.5.2. Ensure the provision of management of the Bank in order to secure the profitability and stable operation of the Bank;

9.5.3. Review all items prior to putting them on the agenda of the general meeting of shareholders, obtain all the necessary information, prepare proposals and recommendations in respect of the issues on the agenda;

9.5.4. Within one month after the end of the fiscal year draft and submit the business plan for current year for the supervisory board approval. Such business plan shall include the budget, profit & loss forecast and the Bank's investments plan;

9.5.5. Carry out the Bank's strategy, coordinate and oversee the operation of the Bank's business directions, branch network, information security, banking infrastructure and various structural units;

9.5.6. Arrange for and supervise lending, settlements, financing, cash services, security, accounting and reporting of cash and valuables of the Bank, internal controls and accounting, classification of loans in different categories, balance write-offs, off-balance transfers, off-balance write-offs, ensure that the Bank provides proper service to the customers and supervise other major activities of the Bank;

9.5.7. Carry out organisational changes subject to the organisational structure approved by the supervisory board, including establishment of a new unit, dissolution, reorganisation, merger and/or separation of internal structural units, determine their respective duties, competences and responsibilities;

9.5.8. Establish/dissolve ad hoc and/or standing committee(s) with the management board, determine their respective duties, competences and responsibilities corresponding with the necessities of the Bank's day-to-day management and ensure the operational supervision of such committees;

9.5.9. Provision of effective supervision on the operation and functioning of the Bank's branches and service centres, ensuring that the managers of such branches, service centres and other structural units fulfil their tasks and functions;

9.5.10. Review the information obtained from internal audit or external inspections as well as the reports submitted by the branch managers and heads of the service centres, and make appropriate decisions based on the above information;

9.5.11. Ensure the fulfilment of resolutions made by the general meeting of shareholders and the supervisory board;

9.5.12. Develop draft policies, and any other regulations, to be approved by the supervisory board, ensure compliance with such policies and regulations and recommend to the supervisory board as to the changes to be adopted in such documents;

9.5.13. Prepare, approve and change in its sole discretion the Bank's corporate manual, office rules;

9.5.14. Approve the terms and conditions of the Bank's products and/or services, their respective amendments;

9.5.15. Make decision on the Bank's membership with various associations (including non-profit, non-commercial legal entities) and/or departure from the membership of such associations;

9.5.16. Exercise voting rights in any subsidiary of the Bank (other than a material subsidiary foreseen under Paragraph 8.14.1 of the Charter), including the exercise of the right to appoint, nominate or dismiss key executives of such subsidiary of the Bank.

9.5.17. Approve the budget for any subsidiary of the Bank and make intermediary amendments to the budget as the case may be.

9.5.18. Make decision on change of general employment conditions at the Bank and a subsidiary of the Bank (generally applicable to all employees), including any employee incentive plan and decide on or implement any new employment

conditions or incentive plans unless such issues belong to the authorities of the supervisory board or the supervisory board committee as per the applicable laws and/or the regulatory acts of Georgia.

9.5.19. Approve, subject to Paragraph 8.14.13 of the Charter and the range (minimum and maximum amounts) of interest rate on the Bank's credit resources determined by the supervisory board (if any), the terms and conditions of any credit product, including the credit products secured by deposit and/or cash collateral, issued by the Bank, or a subsidiary of the Bank engaged in banking business, as the case may be;

9.5.20. Adopt a decision on redemption of the bank's shares;

9.5.21. Convene general meeting of shareholders (annual/extraordinary);

9.5.22. Make decision on issuing new shares up to the amount of authorized capital determined under the Charter;

9.5.23. Deal with any other issues assigned to the management board (or its individual members) by the supervisory board and/or the general meeting of shareholders;

9.5.24. Resolve all the issues that do not fall within the scope of authority of the general meeting or the supervisory board under the applicable law or the Charter;

9.5.25. Fulfil the requirements set forth in this Charter and the applicable laws of Georgia.

9.6. The management board and/or the directors may delegate their duties derived under the applicable laws of Georgia and/or the Charter to any other person(s) and/or structural unit(s).

9.7. The activities of the management board are led by the CEO. The CEO shall be authorised to severally represent the Bank before any person. The CEO is entitled to act on the Bank's behalf without a power of attorney. In the absence of the CEO, or in any other case when the CEO decides so, one of the directors shall act on the Bank's behalf on the basis of a power-of-attorney or other document issued on behalf of the Bank by the CEO. In the absence of the CEO and provided there has been issued no such document as prescribed hereunder, the Bank shall be represented by the director who was the assignee as per the latest such document.

9.8. Any transaction, agreement or internal regulation, order or instruction of the Bank, as well as representation of the bank with third parties may be approved/made by the Chief executive Officer or all remaining members of the management board.

9.9. The CEO is responsible for the following:

9.9.1. Chairing meetings of the management board, supervising the implementation of decisions of the management board, supervisory board and the general meeting of shareholders, distributing along the general lines of the organisational structure of the Bank, as from time to time approved by the supervisory board, tasks among the management board members and other managers of the Bank and issuing relevant orders, instructions and other directives for these purposes;

9.9.2. Acting independently on the Bank's behalf, subject to any possible consents and approvals of the supervisory board or the general meeting of shareholders in relation to performing certain acts;

9.9.3. Submitting for the supervisory board approval, recommendations on the remuneration and bonuses of the members of management board;

9.9.4. Signing employment agreements with the Bank's employees and discharging them from duties and rights, making decisions in relation to applying incentive and/or disciplinary measures in relation the employees;

9.9.5. Severally signing and executing any and all agreements to be executed on behalf of the Bank unless otherwise determined under the Charter.

9.9.6. Approving business processes, procedures, instructions, orders, manuals and other documents related to the Bank's operational and credit activities and/or day-to-day management of the Bank.

9.9.7. Resolving issues related to the Bank's product(s) and operation, carrying out any other activities required for attaining the Bank's goals, except for the functions imposed on to the general meeting of shareholders or the supervisory board.

9.10. The CEO of the Bank is entitled to delegate his representation authorities and duties and powers to the management board member(s), head(s) of the relevant departments, head(s) of the Bank's branches and service centres and any other person(s) the CEO considers necessary.

9.11. Any member of the management board shall have the right to request from the supervisory board that a meeting of the supervisory board be called and he/she may address such meeting.

## **Article 10. Audit Committee and Internal Controls**

10.1. Under its respective resolution, the supervisory board establishes audit committee, comprising of the members of the supervisory board. The majority of the members of the audit committee shall be the independent members of the supervisory board. An individual cannot be elected as a member of the audit committee if he/she is not eligible for the membership of the audit committee according to the applicable laws of Georgia.

- 10.2. Rights and obligations of the audit committee are as follows:
- 10.2.1. Set the accounting and reporting rules for the Bank, supervise the compliance with such rules and inspect the Bank's books and journals through the internal audit department of the Bank;
  - 10.2.2. Supervise the compliance of the Bank with the applicable laws of Georgia;
  - 10.2.3. Approve the regulations of the Bank's internal audit department and ensure the proper functioning of the internal audit;
  - 10.2.4. Approve the operation plan of the internal audit department for the following fiscal year;
  - 10.2.5. Review the quarterly reports of the internal audit department, approve and present to the supervisory board and the management board audit inspections and recommendations;
  - 10.2.6. Supervise the activities of the internal audit department, ensure its compliance with quarterly and annual operation plans;
  - 10.2.7. Assess the activities carried out by the head of the internal audit department and individual auditors;
  - 10.2.8. Approve the annual operations plan prepared by the internal audit department and perform the plan's periodic review;
  - 10.2.9. Assess the activities of each of the employees of the internal audit department in consideration of their professional skills and performance and make appropriate decisions;
  - 10.2.10. Together with the Bank's supervisory board and management board ensure the cooperation of the internal audit department with other structural units of the Bank;
  - 10.2.11. Make recommendations to the supervisory board on the employment/dismissal of the head and deputy head of the Bank's internal audit department, as well as their respective remuneration, or itself carry out the activities determined under present Paragraph if so required by the applicable laws and regulations of Georgia or the audit committee terms of reference.
  - 10.2.12. Facilitate functioning of external auditors of the Bank.
- 10.3. The rules for holding audit committee meetings are determined under the audit committee terms of reference.

## **Article 11. Related Party Transactions**

- 11.1. For the purposes of this Article 11, the term "related party" shall mean any person who is (i) a shareholder of the Bank holding and/or otherwise exercising control of five percent or more of the Bank's outstanding shares (unless another threshold is determined under the applicable laws and/or regulations of Georgia, or the Bank's internal documents), (ii) a member of the supervisory board, management board, audit committee and other senior employee of the Bank, as determined under the Bank's internal policies/procedures and/or the applicable laws of Georgia (iii) a company that directly, or indirectly controls, or is controlled by, or is under common control with the Bank, and (iv) such other person (individual or legal entity) as might be determined by the applicable laws of Georgia, and/or identified by the supervisory board of the Bank.
- 11.2. The Bank and its management bodies shall at all times comply with the requirements and limitations set out in respect of the related party transactions by any applicable securities and banking laws of Georgia, rules, regulations and instructions adopted by relevant authorities in Georgia and/or in other country(ies) where the Bank's securities are listed for trading.
- 11.3. Transaction(s) with related parties of the Bank shall be subject to the prior approval of the supervisory board or the general meeting of the shareholders as set forth under the applicable laws of Georgia.

## **Article 12. Confidentiality**

- 12.1. Unless otherwise approved by the supervisory board, the members of the supervisory board, management board and other managers of the Bank shall not use, publish, disseminate or disclose to any party, except for the managers or employees of the Bank whose province it is to know the same, any confidential information about the activities, expenses, financial or contractual arrangements or other agreements, transactions or other affairs of the Bank, of which they become aware. They shall use all reasonable efforts to prevent the publication or disclosure of any confidential information concerning such matters.
- 12.2. In the event of approval by the general meeting of shareholders or the supervisory board of any merger, acquisition or other similar transaction involving the Bank, the management board shall be authorised to disclose any

confidential information (reasonably required for successful completion of such transaction) to the relevant counterparty(ies), its advisors, consultants or agents, who have a legitimate need to know the confidential information as long as such parties shall be informed of the confidential nature of the information.

12.3. The above provisions of confidentiality shall not apply to: (a) any information which is in the public domain and is required to be disclosed under the applicable laws of Georgia; (b) information which became a part of public domain through other sources (not related to the Bank).

12.4. Any material information disclosed to any of the shareholders of the Bank which in the reasonable opinion of the supervisory board, may affect the investment decision(s) of the shareholders, shall also be disclosed to other shareholders to the same extent.

### **Article 13. Termination of the Bank's Activities**

13.1. The Bank's activities shall be terminated in accordance with the applicable laws of Georgia.

13.2. The Bank shall be reorganised and liquidated in compliance with the laws of Georgia.

### **Article 14. Branches**

The Bank may establish branches in Georgia and abroad. Such branches shall not constitute separate legal entities. The branches should be established in accordance with the applicable laws of Georgia and in consideration of the rules and terms set by the relevant body having the authority to supervise the banking sector.

### **Article 15. Miscellaneous Provisions**

15.1. This Charter comes into effect from the date of its approval by the general meeting of shareholders;

15.2. If any of the provisions of this Charter becomes invalid, it shall not affect the validity of the Charter as a whole;

15.3. In case of any inconsistency between this Charter and Georgian law, the rules laid down by the applicable Georgian law shall prevail over the provisions of this Charter.

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Beka Gogichaishvili  
Chief Executive Officer  
JSC Liberty Bank