



Financial Inclusion
Organization

Amendments Approved by:
December 24 2018
General Meeting of Shareholders of
JSC Microfinance Organization Crystal

JOINT STOCK COMPANY MICROFINANCE ORGANIZATION CRYSTAL

**CHARTER
(New Edition)**

**Kutaisi
2018**

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ARTICLE 1

General Provisions

Joint Stock Company Microfinance Organization Crystal (the “Company”) is a joint stock company founded by Microfinance Fund Crystal pursuant to the Resolution of August 21, 2007.

- 1.1. The Company is a legal entity organized in accordance with the laws of Georgia with rights and obligations defined by this charter, the shareholders’ agreement, if any, the Law of Georgia on Entrepreneurs, the Law of Georgia on Microfinance Organizations, instructions of the National Bank of Georgia and all other relevant normative acts of Georgia.
- 1.2. The Company owns separate properties and its liability towards its creditors is limited to its assets.
- 1.3. The Company may, in its own name, act in legal relations, acquire property and non-property rights and assume obligations, act as a claimant or respondent in court or arbitration, and own a seal bearing the Company emblem (logo).
- 1.4. The Company has an independent balance sheet and may open settlement and other accounts (including foreign currency accounts) in Georgia as well as abroad.
- 1.5. The goals of establishing the Company include the following:
- 1.6. Facilitating poverty reduction, raising the self-support level of the socially vulnerable part of the society, improving their social-economic conditions and promoting the economic revival of the country by supporting small business development;
- 1.7. Ensuring the involvement of the socially vulnerable part of the society and small entrepreneurs in economic activity and facilitating the improvement of the business environment in the country by providing the financial services vitally important for the small business development;
- 1.8. Offering high-quality and flexible financial services to the population;
- 1.9. Earning profit out of repeated and independent entrepreneurship.
- 1.10. The firm name of the Company is:
 - in Georgian: saaqcio sazogadoeba mikrosafinanso organizacia “kristali”, short form s.s. miso “kristali”;
 - in English: Joint Stock Company Microfinance Organization Crystal, short form JSC MFO Crystal.
- 1.11. The legal address of the Company is #22 Nikea Str, Kutaisi, Georgia.
- 1.12. The term of activity of the Company shall be indefinite.
- 1.13. The fiscal year of the Company shall coincide with the calendar year. It shall consist of 12 months, commencing from January 1 and ending on December 31.

ARTICLE 2

Subject of Activity

- 2.14. Subject of the Company activities shall be microfinance activities.
- 2.15. In accordance with the Law of Georgia on Microfinance Organizations, the Company may conduct the following activities:
- 2.2.1. Granting microloans, including consumer, pawnshop, mortgage, unsecured, group and other loans (credits) to legal entities and individuals;
 - 2.2.2. Investing in state and public securities;
 - 2.2.3. Conducting money transfers;
 - 2.2.4. Discharging the functions of an insurance agent;
 - 2.2.5. Providing consultations in connection with micro-crediting;
 - 2.2.6. Obtaining loans (credits) from resident and nonresident legal entities and individuals;
 - 2.2.7. Holding of interest in the capital of legal entities with value not in excess of 15% of the capital of the Company;
 - 2.2.8. Providing any other financial services or conducting any other operations provided by the effective laws, including but not limited to, micro-leasing, factoring, currency exchange, issuing, selling or buying out notes and bonds and conducting any other operations related thereto; and
 - 2.2.9. Any other activities which are not prohibited under the effective laws.

ARTICLE 3

Capital and Shares

- 3.10. The authorized capital of the Company amounts to 3,634,576 authorized shares.
- 3.11. The authorized capital of the Company is divided into 3,061,182 common shares and 573,394 preferred shares, the nominal value of each of which amounts to GEL 1.
- 3.12. Each common share attributes 1 vote.
- 3.13. The share registry of the Company may be kept by the Company or through an independent registrar, in accordance with the effective laws.
- 3.14. Any change in the capital of the Company (increase or decrease in capital) may occur by resolution of the shareholders in accordance with the effective laws, this charter and shareholders' agreement, if any.

ARTICLE 3 Capital and Shares

- 3.15. For the purposes of capital increase, the Company may issue common and/or preferred shares, or other securities convertible into common and/or preferred shares.
- 3.16. The subscription price for a newly issued common or preferred share shall not be less than its nominal value.
- 3.17. In the event of increase in the capital of the Company, the shareholders shall have preemptive right of subscription in proportion with the share of their respective shares in the total number of shares of the Company. The preemptive right may be revoked by the shareholders, although revocation shall not be permissible if the capital increase occurs through transformation of reserve funds into the capital.
- 3.18. Unless otherwise decided by the shareholders or otherwise envisaged by the shareholders' agreement, if any, a shareholder, wishing to exercise the preemptive right of subscription shall be obligated to subscribe to the shares within 20 days after adoption by the shareholders of the decision on their issuance. If not all of the shareholders are present or represented upon respective decision-making, the Director shall, immediately upon adoption of respective decision by the shareholders, notify those shareholders, which were not present or represented upon decision-making, of such decision. Notification shall be effected by means of publication in printed media or by way of personal notification of the shareholders. A shareholder holding at least 1% of all shares shall be notified in writing through registered post. If the shareholders do not subscribe to the shares within 20 days after decision-making by the shareholders, the preemptive right of subscription shall be deemed revoked.
- 3.19. The Company may redeem its own shares in manner and to the extent provided by the effective laws in the following cases:
- if a shareholder does not support the resolution of the Company which materially violates the rights of such shareholder; or
 - if a shareholder does not support such resolution which relates to the reorganization of the Company.
- 3.20. The shareholders' agreement, if any, may envisage tag-along and drag-along rights.
- 3.21. The Company shares issued under any employee incentive plan shall have the restriction that holders of such shares can execute their respective rights only via the applicable share manager as appointed in the applicable share management agreement.

ARTICLE 4 Shareholders

- 4.22. The shareholders of the Company are the persons that duly hold shares of the Company and are registered in the share registry of the Company. The shareholders of the Company may be legal entities registered in Georgia and/or abroad as well as the citizens of Georgia and/or any other country.
- 4.23. The shareholders shall have the following rights:
- 4.2.1. Dispose their own shares in the manner provided by the effective laws, this charter and the shareholders' agreement, if any. Unless otherwise provided

ARTICLE 4 Shareholders

by the shareholders' agreement, if any, in the event of transfer of ownership title to its shares by a shareholder, the other shareholders shall have right of first refusal to purchase such shares in proportion to their respective shareholding in the total number of the Company shares. A shareholder shall give the other shareholders a notice of its intention to transfer ownership title to its shares by sending the relevant notice to them. The shareholders wishing to exercise the right of first refusal shall purchase the shares within 20 days from the date of receipt of the notice. If the shareholders do not purchase the shares, after expiry of such term the right of first refusal shall be deemed cancelled;

- 4.2.2. Attend personally or through a representative the general meetings of shareholders and in case of common shares - take part in voting (in either case through physical attendance or by means of direct electronic means) and exercise their voting rights pursuant to this charter and shareholders' agreement, if any;
- 4.2.3. Take part in distribution of profits and receive dividends pro-rata with the number of shares held by them, taking into account provisions of the shareholders' agreement, the rate determined in respect of preferred shares, as calculated in Article 3.4 herein, and further taking into account that profit shall be distributed and dividends shall be issued in respect of common shares only from the profit remaining after distribution of profit in respect of preferred shares at the determined rate;
- 4.2.4. In the event of liquidation of the Company, receive share or equivalent value of the Company properties remaining after settlements have been made with creditors, in proportion with their shares, provided that properties of the liquidated Company which remaining after payment of debts shall be primarily distributed in respect of the preferred shares and in the manner, as provided in Article 3.4 herein;
- 4.2.5. Any shareholder shall have the right to meet with the Company auditors and to discuss with them the issues of business operations and audit;
- 4.2.6. The holders of 5% or more of all shares may request a special inspection of business transactions or of the entire balance sheet if they believe that there have been violations;
- 4.2.7. The holders of 5% or more of all shares may request that a special general meeting of shareholders is convened in accordance with the effective laws;
- 4.2.8. Any shareholder may request clarifications from the Director and the supervisory board concerning each particular item of the agenda of the general meeting of shareholders. Such request, if submitted in writing at least 10 days prior to the date of the general meeting of shareholders, shall either be fulfilled or considered as one of the items of the agenda;
- 4.2.9. Holders of 5% of voting shares shall have right to demand copies of the transaction documents entered into on behalf of the Company and/or information on the to-be-entered transactions;
- 4.2.10. The holders of voting shares may exercise their votes for their own interests except where the decision concerns conclusion of a transaction with them or approval of their report in which cases such shareholder(s) shall be required to abstain from voting.

ARTICLE 4 Shareholders

- 4.3. Shareholders' agreement, if any, may envisage additional rights of the shareholders and/or determine different regulations applicable to shareholders rights.
- 4.4. The shareholders of the Company shall be obligated to observe and comply with the obligations and other conditions envisaged by this charter, shareholders' agreement, if any, and the effective laws.

ARTICLE 5

Distribution of Profits

- 5.5. Unless otherwise determined by the shareholders' agreement, within 1 month after completion of the annual audit (however, in any case at least 1 month prior to the date of annual general meeting of the shareholders), the Director of the Company shall prepare a proposal on distribution of profits in compliance with shareholders' agreement, this charter and applicable law for approval by the supervisory board. If the proposal on distribution of profits is agreed upon, the supervisory board shall submit a joint proposal of the supervisory board and of the Director to the shareholders, however, if this issue cannot be agreed upon, the supervisory board and the Director shall separately submit their own proposals. The matter and rules of distribution of profit shall be resolved/approved by the shareholders.
- 5.6. Shareholders cannot be given any remuneration other than dividends of the Company. Nonetheless, a shareholder may be in business or employment relationships with the Company and may receive remuneration therefrom, such remuneration not constituting dividends.

ARTICLE 6

Management of the Company

- 6.7. The general meeting of shareholders shall be the supreme management body of the Company.
- 6.8. Supervision over the business of the Company shall be carried out by the supervisory board, the members of which shall be elected by the shareholders.
- 6.9. Day-to-day activities of the Company shall be managed by the Director or Directors and Chief Officers, appointed by the supervisory board. The Director can be at the same time serve as one of Chief Officers.

ARTICLE 7

General Meeting of Shareholders

- 7.10. The general meeting of shareholders shall be convened as follows:
- 7.1.11. The annual general meeting of shareholders shall be convened by the supervisory board on an annual basis within 2 months from the composition of the annual balance sheet of the Company and completion of audit and in any event no later than 6 months from the end of the previous fiscal year. A special general meeting of shareholders may be called at any time by the supervisory board or by the Director or on the basis of a written request of the holder(s) of at least 5% of all shares of the Company;
 - 7.1.12. Unless otherwise provided by the shareholders' agreement, if any, the convening of a meeting shall not be necessary if the holder of more than 75% of voting shares of the Company makes a decision on the issue under consideration. This decision shall be equivalent to the one of the meeting and shall be deemed as a decision taken by the meeting. In such case, the remaining shareholders shall be given a notice of the taken decision. If more than 75% of voting shares of the Company are held by more than 1 shareholder, holding of the general meeting of shareholders shall be mandatory.
 - 7.1.13. The notification for convening of the general meeting of shareholders, with reference to the time, venue and agenda of such meeting, shall be published at least 20 days prior to the date of the meeting. The holder of at least 1% of common shares shall be notified of the meeting by registered mail. The notification shall contain the necessary items provided by the effective laws.
 - 7.1.14. The supervisory board shall set the record date for the general meeting of shareholders that may not be 45 days earlier than the date of the meeting or later than the day, on which the convening of the meeting is announced. All shareholders that are registered in the share registry on the record date for the general meeting of shareholders are entitled to attend the meeting and the holders of common share are further entitled to take part in the voting thereat.
 - 7.1.15. Unless otherwise determined by the shareholders' agreement, the general meeting of shareholders shall be capable of decision-making if the holders of at least 50% of the voting capital are present or represented thereat. If the meeting is not capable of decision-making, a new meeting, with the same agenda, shall be convened within the time-frames determined by the chairman of the meeting and in accordance with the procedures set out hereunder. The new meeting shall be capable of decision-making if the holders of at least 25% of the voting capital are present or represented thereat, unless otherwise determined by the shareholders' agreement. If the meeting is still not capable of decision-making, a new meeting, with the same agenda, shall be convened within the time-frames determined by the chairman of the meeting and in accordance with the procedures set out hereunder. Such meeting shall be capable of decision-making irrespective of the number of the shares held by the shareholders present or represented thereat, unless otherwise determined by the shareholders' agreement.

ARTICLE 7 General Meeting of Shareholders

- 7.1.16. A shareholder may delegate its rights to another shareholder or a third person by virtue of a notarized power of attorney.
 - 7.1.17. The general meeting of shareholders shall be presided over by the chairman of the supervisory board, in his/her absence – by the deputy chairman or any other member of the supervisory board, and in the absence of all of the members of the supervisory board – by the Director. The minutes on the progress and decisions of the meeting shall be drawn up by the secretary of the meeting and signed by the chairman of the meeting. The minutes shall be certified by a notary only in the cases specifically prescribed by the effective laws or if so decided by the shareholders presented or represented at the meeting. The minutes shall be accessible for all the shareholders, members of the supervisory board and their representatives.
- 7.2. Unless otherwise determined by the shareholders' agreement, the general meeting of shareholders shall consider and make decisions on the following matters:
- 7.2.3. Changes to the charter of the Company, without limitation including decisions and changes to the Charter in connection with the increase or decrease of the Company capital, changes to the activities, or the number of members of the Supervisory Board, or the number of Directors and Chief Officers, or the rights of the shareholders;
 - 7.2.4. Decisions on reorganization or liquidation of the Company;
 - 7.2.5. Full or partial revocation of the preemptive right of the shareholders to subscribe to the securities in the event of capital increase;
 - 7.2.6. Approval or rejection of proposals on utilization of profit, or, when the Supervisory Board, and the Director fail to provide a single proposal, decision-making on utilization of net profit;
 - 7.2.7. Election and discharge of Supervisory Board members, decision-making on the matter of their remuneration and additional benefits, and entering into and termination of agreements with them;
 - 7.2.8. Approval of the reports of Director, Chief Officers and Supervisory Board;
 - 7.2.9. Election of the auditor;
 - 7.2.10. Taking decisions on participation in litigations against the members of the supervisory board, the Director and other directors, as well as appointment of representatives for such litigations;
 - 7.2.11. Taking decisions on acquisition, transfer, exchange or other form of disposal or encumbrance of any such properties of the Company, or assumption or securing of such obligations, the value of which, either in case of a single or series of interrelated transactions, is equal or in excess of 25% of the value of all assets of the Company; and
 - 7.2.12. Taking decisions on such matters in other cases envisaged by this charter, shareholders' agreement, if any, and the effective laws.
- 7.3. Decisions on all other matter shall be made by either the supervisory board or the Director.

ARTICLE 7 General Meeting of Shareholders

- 7.4. Unless otherwise provided by the shareholders' agreement, if any, decisions on the matters referred to in Article 7.2 shall require votes of the holders of more than 50% of the voting capital present or represented, excluding the decisions on matters provided by Articles 7.2.1 and 7.2.5 which shall require votes of the holders of more than 2/3 of the voting capital present or represented, and excluding the decisions on matters provided by Articles 7.2.3 and 7.2.4 which shall require votes of the holders of more than 3/4 of the voting capital present or represented. Notwithstanding the foregoing, if, pursuant to the shareholders' agreement, if any, the consent of any particular shareholder shall be required for a decision of any of the matters referred to in Article 7.2, such decision(s) shall not be made absent the consent of such shareholder.

ARTICLE 8

Supervisory Board

The supervisory board shall consist of at least 3 members. The members of the supervisory board shall be appointed to and removed from office by the general meeting of shareholders. Composition of the supervisory board is determined according to this charter, shareholders' agreement, if any, and applicable law.

- 8.5. Particular shareholder(s) as determined in the shareholders' agreement, if any, shall be entitled to have at least 1 representative on the supervisory board.
- 8.6. Particular shareholder(s) as determined in the shareholders' agreement is authorized to appoint an alternate member and/or independent member and/or replacement to the main member of the Supervisory Board. Powers and competence of an alternate shall be determined in accordance with the shareholders' decision of the Company, this charter and shareholders' agreement, if any and applicable law.
- 8.7. Each member to the supervisory board shall be elected for a term of 5 years. The tenure of the members shall survive the expiry of this term until the date of the next general meeting. A member of the supervisory board may at any time resign from the office or be discharged from the board by the shareholders. If a new member is not elected within a period of 6 months after the termination of authority of a member of the supervisory board, the court may appoint the new member on the basis of an application of a member of the supervisory board or the Director.
- 8.8. Within a reasonable period determined by the supervisory board, the supervisory board shall elect a chairman and a deputy chairman out of the composition of the supervisory board. The chairman (in his/her absence – the deputy chairman) shall call the meetings of the supervisory board, set the agenda thereof and chair the meetings.
- 8.9. A member of the supervisory board can concurrently serve as the Director or any other responsible executive officer of the Company.
- 8.10. The meetings of the supervisory board shall be held four times a year or more frequently by physical presence, via telephone or electronic communication means. The written notification, together with the tentative agenda, shall be sent at least 8 days prior to the date of the meeting.
- 8.7.11. The period of notification may be reduced in case of consent from all Supervisory Board members.

ARTICLE 8 Supervisory Board

- 8.7.12. The resolution on reducing notification period shall be documented in written form.
- 8.8. Each member of the supervisory board shall have 1 vote. The alternate member of the Supervisory Board (i) participates in the meetings of the Board with right of vote in case of absence of the main member nominated by such shareholder or group of shareholders to whom the alternate was appointed; and (ii) attend and observe, without voting rights, all meetings of the supervisory board at which the representative of such Investor is in attendance. Alternate member of the Board shall be registered as such at the Entrepreneurial and Non-Entrepreneurial (non-commercial) Legal Entities Registry.
- 8.9. The members of the supervisory board may be represented by other members, however, 1 member may represent 1 other member only. The members (on their own behalf as well as on behalf of the represented member) may attend the meetings through physical attendance or by means of direct electronic means.
- 8.10. The meeting of the supervisory board may take decisions if more than half of the members of the supervisory board are present or represented thereat. If the meeting of the supervisory board is not capable of decision-making, a new meeting shall be called within 8 days. The new meeting shall be capable of decision-making if at least 25% of the members are present or represented thereat. If the supervisory board is still not capable of decision-making, its authority shall be terminated and the chairmen of the supervisory board (in his/her absence – the deputy chairman) shall convene a general meeting of shareholders.
- 8.11. Notwithstanding the advance notice requirement envisaged by Articles 8.6 and 8.9, a supervisory board meeting which is convened on a shorter notice will be deemed as having been validly convened if all of the members so consent at the supervisory board meeting.
- 8.12. Unless otherwise provided by the shareholders' agreement, if any, decisions at the meetings of supervisory board shall be taken by simple majority of supervisory board members present or represented at the meeting. The supervisory board may further take decisions in lieu of convention or holding of a meeting by way of a written resolution signed by all of the members. Notwithstanding anything specified in this charter, if, pursuant to the shareholders' agreement, if any, the consent of any particular shareholder's representative on the supervisory board shall be required for a decision of any of the matters constituting competence of the supervisory board, such decision(s) shall not be made absent the consent of such member.
- 8.13. The minutes of the proceedings of the meeting and the decisions taken by the supervisory board shall be drawn up by the secretary of the meeting and shall be signed by the chairman of the supervisory board (in his/her absence – the deputy chairman). The minutes shall state the venue, time, participants of the meeting, the main substance of the consideration of the items of the agenda and the decisions of the supervisory board.
- 8.14. Unless otherwise provided by the shareholders' agreement the following shall fall within the objectives and competence of the supervisory board:
- 8.14.15. Control over the activities of the Director and Chief Officers;
- 8.14.16. Demand of presentation of the Company's activity report by the Director and Chief Officers;

ARTICLE 8 Supervisory Board

- 8.14.17. Control and inspection, either directly by the board or at its instruction by individual board members or engaged experts, of the financial documentation and property objects of the Company, namely of the condition of the cash registry, securities and the goods of the Company;
 - 8.14.18. Calling of general meetings of shareholders if so required by the interests of the Company;
 - 8.14.19. Inspection of the annual reports and profit distribution proposals and presentation to the shareholders for approval;
 - 8.14.20. Decision-making on redemption of shares under circumstances and on conditions provided by the effective laws;
 - 8.14.21. Appointment and removal of the Director, Chief Officers and the Internal Auditor of the Company as well as conclusion and termination of the agreements therewith;
 - 8.14.22. Determination of the amount and conditions of remuneration and additional benefits of the Director, Chief Officers, Internal Auditor and other managerial employees, determination of their participation in profits and similar relations, elaboration of their retirement pension principles, as well as elaboration of employee stock option plans and their presentation to the shareholders for approval;
 - 8.14.23. Approval of plans for educational, residential and transportation conditions improvement loans of the Company to the shareholders of the Company, members of the supervisory board, the Director and Chief Officers, other management employees and other employees of the Company (collectively the "Related Persons");
 - 8.14.24. Decision-making in other cases provided by this charter, shareholders' agreement, if any, and the effective laws.
- 8.15. The functions of the Director and Chief Officers may not be assigned to the Supervisory Board.
- 8.16. The following activities may be performed only with the consent of the supervisory board:
- 8.16.17. Acquisition and disposal of interests and shares in other companies;
 - 8.16.18. Establishment of companies with ownership participation, disposal of such interests and liquidation of such companies;
 - 8.16.19. Establishment and liquidation of branches (representations);
 - 8.16.20. Approval of the staff list of the Company and its branches (representations);
 - 8.16.21. Approval of the annual budget and long-term liabilities;
 - 8.16.22. Elaboration and setting of general principles of business policy and business strategy of the Company;
 - 8.16.23. Appointment and discharge of other directors and trade representatives (proxies);

ARTICLE 8 Supervisory Board

- 8.16.24. Listing of the Company shares and other securities on stock exchange;
 - 8.16.25. Assumption or securing of any obligation (if not delegated to the assets and liabilities committee) or entering by the Company into any transaction with respect to the Company properties or other subject-matters, when the value of a single transaction or series of interrelated transactions is equal to or in excess of GEL 250,000; (the exception includes utility/household expenses: lease, protection/security, electricity, water, gas, cleaning services, Internet, telephone); and
 - 8.16.26. Entering into transactions by the Company with the Related Persons and securing of the obligations of the Related Persons.
- 8.17. A supervisory board member shall be required to abstain from voting in connection with decision-making on a matter referred to in Article 8.16.10 when such matter involves a transaction with, or securing of an obligation of, such member personally.
- 8.18. The use of any assets of the Company to guarantee the credit commitments, assuming credit obligations from the creditor and/or the creditor's fund manager with whom it has had credit liabilities at least once, terms of the agreements and signature-related issues are approved by the assets and liabilities committee operating under the supervisory board. Authority and procedures of the committee regarding assumption of liabilities are defined by the policy of the Assets and Liabilities Committee, which is approved by the Supervisory Board of the company.
- 8.19. Company may have an Executive Chairman who cannot be a member or chairman of both the Supervisory Board and Management Team; Executive Chairman's role and responsibility shall be determined by decision of the General Meeting of Shareholders

ARTICLE 9

Director and Chief Officers

The day-to-day activities of the Company shall be managed by the Director or Directors and Chief Officers appointed by the supervisory board.

- 9.20. The Company may have several Chief Officers, without limitation including the chief executive officer, chief financial officer, Chief Business Officer, Chief People and Organizational Development Officer, Chief Information Officer and Chief Innovations Officer with competencies and spheres of activity determined by the Supervisory board. The Chief Officers shall, within the scope of the competence and sphere of activity, manage the structural units under their control. They shall be responsible for the normal operation of such units and for implementation of the policy determined based on the Company strategy.
- 9.21. Supervisory Board establishes a management body – Management Team. Members of the Management Team may be: Representative Authority Director (Chief Executive Officer concurrently) and Chief Officers. Management team Bylaws are approved By the Supervisory Board.. Bylaws sets out the composition, spheres of competence, and procedures of the Management Team.

ARTICLE 9 Director and Chief Officers

- 9.22. The Director and Chief Officers may not concurrently be partners (shareholders) or serve as members of the supervisory board or board of directors of any commercial bank, non-banking depository institution – credit union or any other microfinance organization;
- 9.23. A person may not serve as the Director of the Company if:
- 9.5.24. He has been involved in operations, which resulted in substantial damages to a commercial bank, non-banking depository institution – credit union or other microfinance organization, or prejudiced the rights of the depositaries or other creditors of a commercial bank, non-banking depository institution – credit union or other microfinance organization, or caused insolvency or bankruptcy of a commercial bank, non-banking depository institution – credit union or other microfinance organization;
 - 9.5.25. Served in the past as an administrator of a commercial bank, credit union or other microfinance organization and as a result of his/her activities such commercial bank, credit union or microfinance organization became insolvent;
 - 9.5.26. Failed to fulfilled financial obligations towards any commercial bank, credit union or microfinance organization;
 - 9.5.27. Is declared bankrupt or has been convicted for committing of an economic crime under the Criminal Code of Georgia and his criminal record is not annulled in accordance with the effective laws.
- 9.6. The Director:
- 9.6.7. Within the extent provided by the charter, independently manages the Company and represents it before third parties both in Georgia and abroad, enters into transactions on behalf of the Company, disposes of the funds and properties of the Company and issues powers of attorney for delegating representative authority depending on the field of competence;
 - 9.6.8. Recruits and dismisses employees of the Company, other than Chief Officers and the internal auditor of the Company
 - 9.6.9. Shall be obligated to carry out actions, which, pursuant to the effective laws, this charter and the shareholders' agreement, if any, are subject to consent by the supervisory board, only with the consent of the Supervisory board, which shall be issued in form the decision of the supervisory board;
- 9.7. The Management Team
- 9.7.1. Ensures precise and timely execution of the decisions made by the general meeting of shareholders and the supervisory board;
 - 9.7.2. Shall be obligated to present information to the supervisory board concerning the performed activities and financial standing of the Company;
 - 9.7.3. Prepares annual report and the business condition report of the Company as well as the proposal on distribution of profits for submission for approval to the supervisory board;
 - 9.7.4. Shall be responsible for the development of financial statements and control systems;

ARTICLE 9 Director and Chief Officers

- 9.7.5. Shall manage the affairs of the Company in accordance with the effective laws, this charter, shareholders' agreement, if any, and the resolutions of the shareholders;
 - 9.7.6. Shall carry out any other activities, which are not prohibited by the effective laws and which pursuant to this charter, shareholders' agreement, if any, and the effective laws does not fall within the competencies of the supervisory board or the general meeting of shareholders.
- 9.8. The Director and Management Team members shall bear responsibility in accordance with the effective laws for the damages inflicted as a result of non-fulfillment of their obligations. They shall be prohibited from taking part in decision-making on such matters in respect of which they have personal interests;

ARTICLE 10

Audit, Accounting and Reporting

The Company shall be obligated to:

- 10.1.1. Maintain transparent financial and tax reporting and observe principle of publicity;
 - 10.1.2. Elaborate and implement the system and procedures of internal control;
 - 10.1.3. Annually engage external auditors to conduct an audit in accordance with the effective laws;
 - 10.1.4. Maintain accounting and financial reporting in accordance with International Accounting Standards and the effective laws;
 - 10.1.5. Present the financial reports to the National Bank of Georgia in the form and within the time-frames established by the National Bank of Georgia;
 - 10.1.6. Be responsible for the accuracy of reports, as well as completeness of the submitted information and reports;
 - 10.1.7. Annually publish in printed media the financial report and external audit report for the fiscal year; and
 - 10.1.8. Maintain on file for a period of 6 years the accounting books, inventory description, balance sheets, other instructions and other organizational documents essential for the purposes of understanding of the foregoing, as well as accounting documents evidencing records of the accounting books and credit documentation subject to financial reporting.
- 10.2. In addition to the foregoing, in relations with the shareholders the Company shall be obligated to:

ARTICLE 10 Audit, Accounting and Reporting

- 10.2.1. Provide each shareholder with external audit report within maximum of 120 days after the end of the fiscal year; and
 - 10.2.2. Provide each shareholder with provisional and interim financial documents within maximum 30 days after the end of the fiscal month.
- 10.3. Additional requirements

ARTICLE 11 Confidentiality

The Company shall be obligated to maintain confidentiality of information.

- 11.4. The information kept with the Company concerning a borrower may be provided only to the given borrower and representative thereof, the National Bank of Georgia, Credit Bureau, and in the cases provided by the effective laws – to Financial Monitoring Service of Georgia. Such information may be provided to other persons only by virtue of respective court decision or by a prior written consent of the borrower.
- 11.5. Except in case of Article 12.2, the shareholders, the members of the supervisory board, the Director and other directors of the Company as well as other officers of the Company shall be obligated not to use, publish, disseminate or disclose to any person, other than the officers or employees of the Company with respective scope of competence, any confidential information concerning the business, costs, financial or contractual transactions or other agreements, transactions or business relations of the Company that may become known to them. They shall take all the reasonable efforts in order to avoid publication or disclosure of any confidential information relating to the foregoing matters.
- 11.6. The foregoing confidentiality requirements shall not apply to the information that: (a) is deemed to be public information and subject to disclosure under the effective laws; (b) has become publicly accessible from other sources; (c) provision of information to other persons is necessary for implementation of a commercial transaction beneficial for the Company, provided that such person is informed concerning the confidentiality of the disclosed information.
- 11.7. Any material information that is provided to any shareholder of the Company and that, in the opinion of the supervisory board, may affect the investment decisions of the shareholders, shall require to be provided, within the same extent, to the other shareholders of the Company.

ARTICLE 12

Termination of Company Activities

The activities of the Company shall be terminated in a manner provided by the effective laws.

- 12.8. In case of termination of the Company's activities, the Company shall either be liquidated or reorganized. In the event of reorganization, all the rights and obligations of the Company shall transfer to its legal successor.
- 12.9. The Company shall be liquidation and the properties remaining after the liquidation shall be distributed in manner provided by this charter, shareholders' agreement, if any, and the effective laws.

ARTICLE 13

Governing Law and Dispute Resolution

This charter shall be governed by and construed in accordance with the laws of Georgia.

- 13.10. Unless otherwise envisaged in the shareholders' agreement, if any, any dispute arising among the shareholders of the Company and its bodies, relating to their rights and obligations under this charter or interpretation of the provisions hereof shall be considered and resolved by the common courts of Georgia.
- 13.11. Notwithstanding anything stated above, if any issue is regulated by this charter and shareholders' agreement, if any, as well at the same time and there is a conflict of governing laws of these document and conflict of dispute resolution mechanisms specified therein then to the extent permissible under mandatory Georgian law, governing law of the shareholders' agreement and dispute resolution mechanism specified therein shall prevail and shall supersede governing law of this charter and dispute resolution regulation defined herein.

ARTICLE 14

Prevailing Force

The shareholders' agreement, if any, shall prevail over this charter.

- 14.12. In the event if any provision of this charter contravenes with a mandatory requirement of the effective laws, the rules prescribed by the effective laws shall prevail over the provisions of this charter.

14.13.

ARTICLE 15

Final Provisions

This charter shall become effective from the day of registration hereof with the Entrepreneurial Registry.

- 15.14. Should any of the provisions of this charter become invalid, such invalidity shall not affect the validity of the remaining provisions hereof.
- 15.15. This charter is made in Georgian and English languages in 5 equally valid originals.

Director of
JSC Microfinance Organization Crystal

Davit Bendeliani