

NOTARIAL ACT

JOINT STOCK COMPANY  
BANK OF GEORGIA

EXRAORDINARY GENERAL MEETING OF SHAREHOLDERS No 25

NOVEMBER 6, 2006

NOTARY: PAPUNA SHENGELAIA

TBILISI  
2006

Registration in register # 1-4001

On 6<sup>th</sup> November, 2006, I, Papuna Shengelia, notary of Tbilisi (the address of the notarial bureau: 28, Pekini Street, Tbilisi, Georgia), attended the Extraordinary General Meeting of Shareholders of the JSC “Bank of Georgia” held at 127a, Aghmashenebeli Avenue, Tbilisi (the “Meeting”). I have drawn up the following minutes on the decisions of the Meeting. I have registered the Minutes in notary register on November 6, 2006 and issued them on the same day.

### **MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF THE JSC BANK OF GEORGIA**

The Extraordinary General Meeting of Shareholders of JSC Bank of Georgia (the “Bank”) was held on November 6, 2006 in Tbilisi at the following address: 127a Aghmashenebeli Avenue, Tbilisi, Georgia.

The Meeting started at 16:30 p.m. and ended at 17:45 p.m.

#### **Chairman of the Meeting:**

Mr. Vladimer Gurgenidze (born on December 7, 1970 in Tbilisi; passport #093224029 issued by the Passport Authority of the United Kingdom on January 28, 2006, residing at app. 34, 39 Chavchavadze Avenue, Tbilisi) – the Chairman of the Supervisory Board of the JSC Bank of Georgia.

Mr. Gurgenidze has announced that 43 persons representing 53 shareholders with 94.31% of total voting shares (15,595,284 out of 16,536,981 shares outstanding and having voting rights) were present at the Meeting.

Mr. Gurgenidze announced that the Meeting was quorae and was empowered to make decisions. Announcement on convocation of the Meeting was published in “Rezonansi” and “Sakartvelos Respublika” newspapers. According to the requirements of Georgian laws, individual written notices were sent to the shareholders, which own more than 0.5% of shares in JSC Bank of Georgia.

#### **The agenda of the Meeting included six items:**

1. Report of the Management Board and the Supervisory Board of JSC Bank of Georgia on future plans and strategy of the Bank.
2. Reduction of the number of the Supervisory Board members to five and changes in the composition of the Supervisory Board;
3. Approval of compensation of the Supervisory Board members;

4. Changes in the composition of the Audit Committee of the Bank and approval of compensation of Audit Committee members;
5. Increase of the authorized capital and cancellation of pre-emptive rights to the newly issued shares; and
6. Changes in the Charter of JSC Bank of Georgia.

The Chairman has announced the agenda of the Meeting to the shareholders.

Mr. Tariel Gvalia has commented on the agenda. He proposed to discuss the issues of his dismissal from the Supervisory Board and his compensation together, as one item. Mr. Tariel Gvalia was explained that it was possible to discuss those two items together, provided that such items are voted on separately. Attending shareholders did not make any other remarks or suggestions to the proposed agenda and the Meeting started in accordance with the above agenda.

**FIRST ITEM OF THE AGENDA** – *Report of the Management Board and the Supervisory Board of JSC Bank of Georgia on the future plans and strategy of the bank*

1. The Chairman of the Meeting presented the joint report of the Supervisory Board and the Management Board on future plans and strategy of the Bank (appendix 1). Initially the shareholders were reported about the past activities and achievements of the Bank. As for the future plans and strategy of the bank, the following issues were emphasized: (a) listing of the Bank's Shares in the form of GDRs on the Official List and admission to trading on the LSE and (b) the establishment of the Bank's wholly-owned subsidiary.

Mr. Gurgenidze discussed the Bank's activities with respect to listing and trading of GDRs on the LSE. He also noted that for the pre-marketing of the IPO to begin the Bank required the permission of the National Bank of Georgia and the approval of the items listed in the agenda by the Meeting.

The Chairman of the Meeting noted that it was important to establish a joint stock company Black Sea Financial Holdings ("BSFH") as the Bank's subsidiary to which shares of the Bank's selected subsidiary companies will be transferred overtime. The reason for creating BSFH was the improvement of the Bank's investment policy.

The Chairman of the Meeting asked the attending shareholders to support the Bank's strategy (including the listing and trading of GDRs on the LSE, and the establishment of BSFH for the purposes of transferring the shares of the Bank's selected subsidiary companies overtime) proposed by the Supervisory Board and the Management Board of the Bank.

**Proposal of the Supervisory Board and the Management Board of the Bank regarding the Bank's future plans and strategy (including the listing and trading of**

**GDRs on the LSE, and the establishment of the bank's subsidiary –BSFH) was unanimously approved, by 15,595,284 votes.**

**SECOND ITEM OF THE AGENDA – *On the reduction of the number of the Supervisory Board members to five and changes in the compensation of the Supervisory Board***

In order to ensure the flexibility of the Supervisory Board in carrying out the Bank's plans and strategy as per first item of the agenda and enable the Supervisory Board to make decisions in a timely and efficient manner, the Supervisory Board and the Management Board of the bank consider it appropriate to decrease the number of the Supervisory Board members to five and make corresponding changes to the Bank's Charter.

**The resolution on decreasing the number of the Supervisory Board members to five and making corresponding changes to the Bank's Charter was unanimously approved, by 15,595,284 votes.**

The Chairman of the Meeting announced that the Supervisory Board has received the resignation letters of Messrs. Victor Gelovani and Martin Masar.

In accordance with Article 7.3.5 of the Charter of the Bank and relevant laws of Georgia, the Chairman of the Meeting put the issue of resignation of Mr. Victor Gelovani to vote.

**The resignation of Mr. Victor Gelovani from the Supervisory Board of the Bank was unanimously approved, by 15,595,284 votes.**

In accordance with Article 7.3.5 of the Charter of the Bank and relevant laws of Georgia, the Chairman of the Meeting put the issue of resignation of Mr. Martin Masar to vote.

**The resignation of Mr. Martin Masar from the Supervisory Board of the Bank was unanimously approved, by 15,595,284 votes.**

The Chairman of the Meeting announced the recommendation of the Supervisory Board on the dismissal of Mr. Tariel Gvalia from the position of the member of the Supervisory Board. This recommendation was based on the listing of Bank's GDRs on LSE. Internationally, the companies seek to appoint the persons to Supervisory Board who have an extensive international experience and high international profile and the same recommendation was received by the Bank from its international advisers.

The Chairman of the Meeting once again emphasized the achievements of Messrs. Victor Gelovani, Tariel Gvalia and Martin Masar and thanked them on behalf of the Supervisory Board and the shareholders. Mr. Gurgenidze announced that the Supervisory Board decided to propose to General Meeting of Shareholders to pay the following

compensation to Messrs. Tariel Gvalia and Martin Masar in acknowledgement of their contribution to the Bank:

- To grant Mr. Martin Masar the right to purchase 2,500 (two thousand and five hundred) Bank of Georgia's shares at the nominal value;
- To grant Mr. Tariel Gvalia the right to purchase 5,000 (five thousand) Bank of Georgia's shares at the nominal value at the end of 2006. Mr. Gvalia's grant will be subject to MR. Gvalia's continued loyalty to the Bank and its shareholders and observance of other conditions set by the Supervisory Board of the Bank.
- In May 2007 (i.e. at the time of paying the bonuses to the Bank's management) Mr. Gvalia will receive an additional bonus of GEL equivalent of US\$100,000. Payment of such compensation will also be subject to observance of the pre-conditions set by the Supervisory Board of the Bank to Mr. Gvalia.

In accordance with Article 7.3.5 of the Charter of the Bank and relevant laws of Georgia, the Chairman of the Meeting put the issue of dismissal of Mr. Tariel Gvalia to vote.

**The dismissal of Mr. Tariel Gvalia from the Supervisory Board of the Bank was approved by 41 shareholders, representing 15,210,875 votes in total, or 97.54% of attending votes; 1 shareholder, representing 147,409 votes (or 0.95% of attending votes) voted against the decision, and one shareholder representing 237,000 votes abstained from voting. Respectively, the decision was duly passed by the Meeting.**

The Chairman of the Meeting put the issue of compensation to the former members of the Supervisory Board to vote.

**The resolution on approving the compensation of Messrs. Tariel Gvalia and Martin Masar was unanimously approved, by 15,595,284 votes.**

After the voting was completed, Mr. Tariel Gvalia noted that he is grateful for the compensation in the amount of 5,000 shares, which was also approved by the Supervisory Board. He also noted that he refused to accept the compensation in the amount of US\$100,000. The Chairman of the Meeting noted that the Bank's management and the Supervisory Board will discuss the issue of compensation with Mr. Gvalia once again, closer to the date when the compensation is to be paid.

The Chairman of the Meeting introduced the nominees for the membership of the Supervisory Board of the Bank - Messrs. Nicholas Enukidze and Allan Hirst. Shareholders were provided with the biographies of the proposed nominees and the proposal of the Supervisory Board to approve their appointment to the Supervisory Board provided that their respective compensations are approved.

Shareholders were advised that the election of the members to the Supervisory Board shall be made through the method of cumulative voting, which in case of two candidates for two vacant positions means any candidate who receives at least one vote is considered elected to the Supervisory Board.

**The shareholders approved the resolution on the election to the Supervisory Board of Mr. Nicholas Enukidze (by total of 7,754,628 votes) and Mr. Allan Hirst (by total of 7,591,449 votes). Consequently, Messrs. Nicholas Enukidze and Allan Hirst were elected to the Supervisory Board of the Bank.**

**THIRD ITEM OF THE AGENDA – *Approval of compensation of the Supervisory Board members***

The Chairman of the Meeting reminded the shareholders that Mr. Enukidze was hired by the Bank to the position of the special advisor to Supervisory Board. He noted that after Mr. Enukidze's becoming member of the Supervisory Board his responsibilities, obligations and functions will increase and the Supervisory Board proposes that Mr. Enukidze's compensation is kept on the current terms. To this effect, the Chairman of the Supervisory Board shall sign a service agreement with Mr. Nicholas Enukidze.

The Chairman of the Meeting announced the proposal of the Supervisory Board, according to which the compensation of Mr. Allan Hirst will amount to US\$100,000 per annum. Mr. Hirst's compensation will be paid quarterly in the Bank's shares and/or GDRs and the number of the shares / GDRs shall be calculated based on the maximum market price of such shares / GDRs for the relevant quarter. The shares (or GDRs) will be issued quarterly.

The item was put to vote.

**The resolution approving compensation of Mr. Nicholas Enukidze and signing a service agreement with him and the annual compensation for Mr. Allan Hirst was unanimously approved, by 15,595,284 votes.**

**FOURTH ITEM OF THE AGENDA – *On changes in the composition of the Audit Committee of the bank and approval of compensation of Audit Committee members***

The Chairman of the Meeting noted that members of the Audit Committee of the Bank Mr. Temur Khorkhomelidze and Ms. Mariam Meghvinetukhutsesi have resigned from the Audit Committee. In accordance with the Bank's Charter (Article 7.3.8) and relevant laws of Georgia, the issue on approval of the resignation of abovementioned persons from the membership of the Audit Committee was put to vote.

**The resignation of Mr. Temur Khorkhomelidze and Ms. Mariam Meghvinetukhutsesi from the Audit Committee was unanimously approved, by 15,595,284 votes.**

The Supervisory Board nominated Mr. Dimitri Kemoklidze and Ms. Viktoria Shtorm to the vacant positions of the Audit Committee of the Bank. The shareholders were provided

with the biographies of the candidates. The Chairman of the Meeting announced that the Supervisory Board recommended election of the proposed nominees subject to approving their compensations.

**Election of Mr. Dimitri Kemoklidze and Ms. Viktoria Shtorm to the Audit Committee was unanimously approved by 15,595,284 votes.**

The Chairman of the Meeting announced the recommendation of the Supervisory Board on the compensation for the Audit Committee members. According to the recommendation, the compensation of each member of the Audit Committee should amount to GEL 1,000 (one thousand) per month and 100 (one hundred) Bank of Georgia shares (or GDRs) per quarter.

The item was put to vote.

**The proposed compensation for the members of the Audit Committee was unanimously approved by 15,595,284 votes.**

**FIFTH ITEM OF THE AGENDA – On increase of the authorized capital and cancellation of pre-emptive rights to newly issued shares**

The Chairman of the Meeting mentioned that there was strong demand for the Bank's shares. At the same time, for further growth and development of the Bank it was necessary to issue new shares in the form of the authorized capital. The new shares should be issued to raise additional capital in order to comply with the prudential ratios set by the National Bank of Georgia, ensure further growth of the Bank's loan book, fund further acquisitions by the Bank, provide shares for the Executive Equity Compensation plan and for other objectives set out in the first item of the agenda (including the listing of the Bank's GDRs on the LSE).

At the date of the publishing the announcement of the Extraordinary General Meeting of Shareholders, it was proposed to approve the issue of additional 7,127,210 (seven million one hundred twenty seven thousand two hundred and ten) common shares in the form of authorized capital (the maximum additional authorized capital the Bank can have in accordance with laws of Georgia). The above proposed number of shares was calculated based on the assumption that as of the date of the Meeting (November 6, 2006) 1,000,000 (one million) shares authorized for issuance on December 22, 2005 by the General Meeting of Shareholders (Minutes #23) would have been issued. As such additional shares have not been issued, the Bank, in accordance with the laws of Georgia, is authorized to issue only 5,552,210 (five million five hundred fifty two thousand two hundred and ten ) additional common shares in the form of authorized capital. If 5,552,210 shares issued in the form of authorized capital will not be fully used for the abovementioned purposes, then it will be possible to issue up to 500,000 (five hundred thousand) new shares for the Executive Equity Compensation plan purposes, subject to Supervisory Board approval.

In case of approving the resolution, the Bank's declared capital will amount to GEL 25,335,619 (twenty five million three hundred thirty five thousand six hundred and nineteen), or 25,335,619 (twenty five million three hundred thirty five thousand six hundred and nineteen) common shares, of which:

- as of the date of the Meeting (November 6, 2006) 16,890,413 (sixteen million eight hundred ninety thousand four hundred and thirteen) shares have been issued;
- issuance of 8,445,206 (eight million four hundred forty five thousand two hundred and six) additional shares will be possible, including:
  - issuance of 2,892,996 (two million eight hundred ninety two thousand nine hundred and ninety six) common shares will be possible in accordance with the resolution of the General Meeting of Shareholders of December 22, 2005 (minutes #23); and
  - issuance of 5,552,210 (five million five hundred fifty two thousand two hundred and ten) common shares will be possible in compliance with applicable laws during 5 (five) years period from the date of the Meeting.

The Chairman of the Meeting put the item on vote.

**The issuance of 5,552,210 (five million five hundred fifty two thousand two hundred and ten) new common shares in the form of authorized capital was unanimously approved, by 15,595,284 votes.**

The Chairman of the Meeting noted that it is recommended and even necessary to cancel pre-emptive rights to 5,552,210 (five million five hundred fifty two thousand two hundred and ten) new shares issued in the form of authorized capital. This is especially important for the accomplishment of GDR program. Consequently, the it was proposed to cancel pre-emptive rights to new shares issued in the form of authorized capital.

**The cancellation of pre-emptive right to new shares issued in the form of authorized capital was approved by 42 shareholders, representing 15,592,364 votes in total, or 99.98% of attending votes; none of the attending shareholders voted against the resolution; and one shareholder representing 2,920 votes, or 0.02% of attending votes, abstained from voting. Respectively, the decision was duly passed by the Meeting.**

**SIXTH ITEM OF THE AGENDA – On changes in the Charter of JSC Bank of Georgia**

The Chairman of the Meeting announced that certain amendments to the Charter of Bank of Georgia were being proposed. These changes were distributed by the Management Board of the Bank prior to the Meeting. The proposed amended version of the Bank's Charter was also distributed prior to the Meeting (attachment #2). The only correction to

be made to the announced amendments to the Charter is in connection with the declared capital of the Bank in accordance with the 5<sup>th</sup> item of the agenda of the Meeting.

The purpose of the proposed amendments is to make the right and obligations of the Bank's management bodies more clear, protect and make clear the rights of the shareholders, make activities of the management bodies more efficient and bring the Charter to maximum (within the limits allowed by the laws of Georgia) compliance with Western standards, without violating the shareholders' rights. Such amendments are also advisable given the listing of the Bank's GDRs on the LSE. Several inconsequential grammatical changes and corrections to the Charter were also proposed. When making these changes, the Bank's management followed the recommendations of its local and international advisors.

The Chairman of the Meeting put the sixth item of the agenda on changes in the Charter of the Bank to vote.

**The proposed changes in the Bank's Charter and the revised version of the Charter were unanimously approved, by 15,595,284 votes.**

By the end of the Meeting several shareholders asked the questions to the Chairman of the Supervisory Board in connection with listing of Bank's GDRs on the LSE. Mr. Gurgenidze has answered the questions and made clarifications regarding listing of Bank's GDRs and the relevant procedures.

As all items included in the Agenda were reviewed, the Chairman of the Meeting thanked the shareholders for their support and declared the Meeting adjourned.,

**Chairman of the Meeting**

**/V. Gurgenidze/**

**Notary**

**/P. Shengelaia/**