

ARTICLES OF ASSOCIATION
Microcredit Company
IuteCredit BH d.o.o. Sarajevo

I. GENERAL STIPULATIONS

Article 1

These Articles of Association of Microcredit Company IuteCredit d.o.o. Sarajevo (hereinafter: Articles) regulate issues of importance for conducting business by Microcredit Company IuteCredit BH d.o.o. Sarajevo (hereinafter: MCC), namely:

1. name and address;
2. activities;
3. share capital stipulations (type, amount, structure, manner and conditions of its increase and decrease), conditions for payment of capital in goods and rights;
4. the manner of increasing and decreasing share capital;
5. the manner of establishing and using the reserves;
6. the manner of distribution of profit and payment of dividends;
7. manner of covering losses;
8. manner of convening the General Assembly and adopting decisions, the composition and competence of the bodies appointed by the General Assembly;
9. composition, manner of appointing and dismissing relevant bodies and their authorizations, duration of terms, quorum, voting rules (including the rules of voting decided on by the qualified majority);
10. representation;
11. manner of establishing new organizational units;
12. internal control stipulations;
13. internal and external audit stipulations;
14. the process of merging and dividing;
15. the shape and contents of the company stamp;
16. the shape and contents of the company logo;
17. the rules on using assets;
18. termination and rules on distribution of assets in case of termination;
19. the manner of adopting general acts;
20. the procedure of amending the Articles;
21. other issues relating to MCC pursuant to the Law on Microcredit Organizations (“Official Gazette of the Federation of Bosnia and Herzegovina” No. 59/06) (hereinafter: Law on MCO), Law on Companies (“Official Gazette of the Federation of Bosnia and Herzegovina” No. 81/15) (hereinafter: Law) and other special regulations.

II. COMPANY NAME AND HEADQUARTERS

Article 2

Name of MCC is: Microcredit Company IuteCredit BH d.o.o. Sarajevo

Abbreviated name is: MKD IuteCredit BH d.o.o. Sarajevo

Seat of office is: Sarajevo, Fra Andela Zvizdovića str. No. 1, Municipality Centar

III. ACTIVITIES

Article 3

This Microcredit Company is a non-deposit for-profit financial organization founded with the purpose of providing micro-credits.

The main activity of MCC is:

64.92 Other credit mediation

MCC may also carry out, to a lesser extent or temporarily, other activities from their services that are normally performed in addition to the microcredit business, including

1. receiving and giving gifts and donations and obtaining funds and other forms of assets from any lawful sources;
2. lending and mortgaging of property, including micro-credits to secure loans; and
3. credit consultating, business consulting and technical assistance in order to improve credit activities of the MCC and business activities of micro-credit clients.

IV. CAPITAL

1. The amount of share capital

Article 4

The amount of share capital is KM 500,000.00 (five hundred thousand and KM 0/100). The share capital is paid in full.

2. Increasing the share capital

Article 5

The share capital of MCC can be increased by increasing the existing shares and/or by accession of new shareholders with capital payments in accordance with the Law, these Articles and the decisions of the MCC Assembly (hereinafter: The Assembly).

Increasing the existing share or creating new shares can be performed by contributions in money, in-kind and rights.

The decision to increase the share capital and the terms of its payment is adopted by the Assembly.

The decision on accession of a new member to MCC is adopted by the Assembly by 2/3 (two-thirds) majority vote of the total number of votes of MCC.

3. Decreasing the share capital

Article 6

The Assembly may adopt a decision on decreasing the share capital for the purpose of covering losses pursuant to the Law.

Exceptionally, when deemed necessary in order to eliminate the damage to the MCC, the Assembly may decide to decrease the share capital, but not below the statutory minimum.

The decrease in the share capital must not affect the performance of obligations that MCC has toward its creditors.

V. SHARES AND MEMBERSHIP

Article 7

The payer becomes a member of MCC Based on a payment in money, goods and rights into MCC capital (hereinafter: MCC Member) and acquires a share in MCC.

MCC Member has one share.

A share of an MCC Member equals to his/her share in the share capital of MCC.

A share of an MCC Member can be increased upon payment of a new stake or acquiring a share or a part of a share of another MCC Member.

Article 8

Shares can be sold.

MCC Members have the preemptive right.

Article 9

MCC shares are registered in a special Register of Shares.

The Register of Shares is a document in which data of importance for the legal relationship of MCC Members are entered.

Written proposal for an entry into the Register of Shares is submitted by the MCC Member who has the interest of making an entry into the Register.

The proposal for entry with attachments is submitted to the Management Board.

Entry into the Register of Shares is certified by the Management Board with its signature and MCC stamp.

Article 10

Each MCC Member can upon a written request receive a document on his/her share, which is a copy of the last balance of his/her share in the Register of Shares.

The document on shares is not a security, rather a proof to be used for legal transactions.

No right in relation to MCC is acquired by transferring the document to a third party.

The original document on shares is issued by the Management, with the copy thereof filed in the file of original documents.

Article 11

Management Board shall submit every year to the Court Register the list of MCC Members with the amount of their individual shares.

VI. TERMINATION OF THE MEMBER STATUS

Article 12

MCC Member status is terminated by resignation, exclusion or sale of shares pursuant to the Law, Incorporation Decision and these Articles.

Article 13

MCC Member can resign based on a written statement and with approval of other Members, upon settlement of all his/her obligations toward MCC.

In case of resignation of a Member from MCC, share is transferred primarily onto Members remaining in MCC.

Article 14

MCC Member may be excluded from MCC if he/she causes damage to MCC by his/her actions, and if he/she has not exercised his/her ownership rights for 6 (six) months or longer, or otherwise acts contrary to the Incorporation Agreement and acts of the MCC.

An MCC Member who has been excluded from MCC is entitled to an appropriate compensation according to the ownership status at the time of the exclusion.

The relevant compensation is reduced by the cost of the exclusion and the amount of damage that may have been caused by the excluded MCC Member.

Article 15

A proposal with elaboration for the exclusion of an MCC Member may be submitted in writing by the MCC Supervisory Board (hereinafter: the Supervisory Board), MCC Member or Members whose shares comprise at least one tenth of the share capital and the Management Board. The proposal shall be submitted to the Director.

The Director shall, within eight (8) days from the day of receipt, submit the proposal to the MCC Members to make a written statement in regards to the proposal within the next 15 (fifteen) days.

A member of the MCC who has not responded within this time limit is deemed to have voted against the proposal.

The proposal is considered approved if the members of MCC with a 2/3 (two-thirds) majority of the total number of votes in MCC, have approved the proposal.

The decision on exclusion shall take effect on the day of its adoption, and shall be delivered by the Director to the excluded Member within 8 (eight) days from the day of its adoption.

Payment of the share to the excluded MCC member, following deduction of costs and other liabilities of the excluded Member, shall be made within 6 (six) months from the day of the Decision on exclusion in the amount valid on the day of exclusion.

VII. RESERVES

Article 16

The MCC establishes and maintains reserves in accordance with the Law and decisions of the Banking Agency of the FB&H.

Reserves are used to cover credit losses, business losses and other unforeseen expenditures of MCC operations.

MCC shall cover operating loss from its reserves in accordance with Accounting Standards, the Law and MCC policies.

VIII. DISTRIBUTION OF PROFIT AND COVERING LOSSES OF MCC

Article 17

MCC calculates its profit based on one business year for the period from 1st Jan. to 31st Dec. of the current year according to applicable accounting standards and regulations.

The profit gained can also be calculated for shorter periods of time in accordance with the above regulations.

The profit that remains after settling expenditures and legal obligations of MCC is allocated to accumulation, reserves and investment spending, and the remainder is to be distributed among MCC members.

The profit generated is divided among MCC members in proportion to the size of their holdings.

Article 18

The Assembly may decide that the profit or part thereof will not be distributed instead the MCC share capital will be increased by this amount.

The Assembly may also decide that the profit for a particular year will not be distributed but allocated to MCC reserves.

Article 19

Material costs, as well as other expenses from MCC's current business, are covered by the realized

income of MCC.

In case of business losses of MCC, the decision on covering the loss is adopted by the Assembly in accordance with the Law and these Articles.

Article 20

Possible business loss of MCC is covered from the reserves up to the amount of share capital.

If the loss exceeds the amount stipulated in paragraph 1 of this Article, the MCC Assembly shall decide on the manner of covering the loss exceeding that amount and on further business of MCC.

The Assembly may decide that the loss shall be covered by MCC members in proportion to the size of their shares in MCC.

IX. MCC BODIES

Article 21

Bodies of MCC are:

1. Assembly;
2. Supervisory Board,
3. Management Board, consisting of the General Manager and Executive Managers,
4. Audit Committee, consisting of at least three members elected by the Supervisory Board.

1. Assembly

Article 22

Assembly consists of all MCC Members.

The total amount of share capital is represented by the Assembly with 100 (one hundred) votes and a Member has the number of votes equaling to his/her share in the share capital of MCC.

Assembly meetings are attended by the Supervisory Board and the Management Board.

Article 23

Assembly meeting is convened by the Supervisory Board, a member of the Supervisory Board, Management Board, member of the Management Board, Member or a group of Members of MCC with shares at least 1/10 (one-tenth) of the MCC share capital.

Management Board, member of the Management Board, Supervisory Board or a member of the Supervisory Board shall convene an Assembly meeting at least once in a year when MCC realizes a loss greater than 1/5 (one-fifth) of the share capital according to the latest annual accounts.

Invitation to the Assembly meeting is delivered by registered mail or directly confirmed by a signature, no later than 15 (fifteen) days in advance.

The invitation details the agenda and contains materials for each point of the agenda.

Member or a group of Members of MCC with share at least 1/10 (one-tenth) of the share capital have the right to amend the agenda within eight (8) days from the receipt of the Invitation for the Assembly meeting.

Article 24

The Supervisory Board decides on the Assembly meeting agenda and elects the voting committee.

The Assembly may adopt decisions if Members whose share comprises of at least on half of MCC share capital are present personally or through an attorney.

In case there is no quorum as stated in the paragraph above, the Assembly is delayed and a new one is convened with the same agenda no later than 15 (fifteen) days after the originally scheduled meeting.

In case of an occurrence of an event from par. 3 above, the Assembly may adopt decisions if shares are represented by 1/5 (one-fifth) total share capital of MCC.

An MCC Member has the right to refute the decision against which he/she voted by a complaint to the relevant court within 30 (thirty) days from the day of adoption thereof.

Article 25

The Assembly adopts the decision by majority of votes present, but not less than half of the total votes of the Assembly.

The adoptions of decisions referred to in Article 28, items 1, 2, 3, 8 and 10 of these Articles shall require 2/3 (two-thirds) majority of the total votes of the Assembly.

Article 26

The Assembly meeting must be convened for adoption of decisions on the annual report, profit distribution and covering losses.

Other issues within the competence of the Assembly may be decided on without convening the Assembly meeting, but by a written vote, by submitting a written proposal to the Members of the MCC with a deadline of 15 (fifteen) days for a response. An MCC Member who has not responded within this deadline shall be deemed to have voted against the submitted proposal.

Article 27

The Chairman of the Assembly and two verifiers of the Assembly meeting minutes are elected by the Assembly by a majority vote of the present MCC Members.

Voting at Assembly meetings is done using ballots.

The work and all decisions of the Assembly shall be recorded in meeting Minutes that are signed by the Chairman of the Assembly, two (2) Minutes Verifiers and the Minutes Keeper.

Article 28

The Assembly decides on:

1. the adoption of the Articles of Association;
2. amendments to the Articles of Association;
3. increase and decrease of the share capital;
4. adoption of the annual financial report, along with the reports by auditors, Supervisory Board and the Audit Committee with the business plan for the following business year;
5. distribution of profit and payment of dividends;
6. manner of the covering losses;
7. business policy and development program;
8. status changes;
9. termination of the MCC;
10. change of the form of MCC;
11. termination of the MCC with liquidation and approval of the initial liquidation balance and the final accounts upon completion of the liquidation process;
12. purchase, sale, exchange, leasing of and other transactions with assets in the current fiscal year exceeding 33% of the book value of MCC assets on the balance sheet at the end of the previous fiscal year, at the proposal of the Management Board and the Supervisory Board;
13. purchase, sale, exchange, leasing of and other transactions with assets in the current fiscal year, in the amount between 15% and 33% of the book value of the total current MCC assets, unless such transaction was previously approved by unanimous decision of the Supervisory Board;
14. appointment and dismissal of Supervisory Board members individually;
15. selection of an external auditor;
16. incorporation, reorganization and liquidation of subsidiaries and approval of their Articles of Association;
17. remuneration for the Supervisory Board and Audit Committee members;
18. exclusion of the fixed assets of the MCC; and
19. other issues of importance for the MCC business operations in accordance with the Law and the MCC Articles of Association which, according to applicable regulations and the scope of the matter, fall under the authority of the Assembly.

Article 29

A Member or group of MCC Members whose holdings make up 1/10 (one-tenth) of share capital may request from the Court to appoint an external auditor, in accordance with Article 342 of the Law, to perform an audit of MCC's operations.

2. Supervisory Board

Article 30

MCC has a Supervisory Board consisting of a chairman and two (2) members.

The chairman and members of the Supervisory Board are appointed and dismissed by the Assembly in accordance with the Law, for a term of four (4) years, provided that after passage of two (2) years of the term for which they are appointed, the MCC Assembly votes on the confidence of the Supervisory Board members.

After the expiration of the term, the same members may be reappointed, without limitation to the number of terms.

The Assembly may dismiss the Chairman and members of the Supervisory Board before the expiry of the period for which they have been appointed:

1. when the Supervisory Board or its individual member loses the trust of the founder of MCC, on which the Assembly adopts a special decision;
2. when the Assembly does not approve the Annual Report for MCC, which includes the financial report and reports of the Auditor, the Supervisory Board and the Audit Committee,
3. when the Assembly establishes the liability of the Chairman and members of the Supervisory Board for the damage suffered by MCC for the reasons prescribed in Art. 258 and 261 of the Law on Companies, on which the Assembly adopts a special decision,
4. in other cases stipulated by these Articles.

Article 31

The Assembly has the right, upon justified reasons, to dismiss a member of the Supervisory Board appointed by the Assembly in case of permanent inability of such member of the Supervisory Board to perform his/her function and to appoint a new member, whose term of office shall last until the expiration of the term of the member in whose place he/she was appointed.

Article 32

The Chairman and a Member of the Supervisory Board cannot be the following persons:

1. a person convicted of criminal offenses and commercial offenses incompatible with the position on the Supervisory Board for five (5) years from the day the judgment was final, not including the time of serving the sentence;
2. a person who, by a court ruling, has been imposed a ban to perform the position of a member of the Supervisory Board,
3. a Member of the MCC Management Board.

Article 33

The Chairman of the Supervisory Board convenes sessions and directs the work of the Supervisory Board, coordinates the work of the members of the Supervisory Board in relation to other MCC bodies and third parties.

In the absence of the Chairman, his/her duties shall be performed by the Deputy Chairman of the Supervisory Board.

The Deputy Chairman of the Supervisory Board is elected by the Supervisory Board.

Meetings of the Supervisory Board are held as needed, and at least once every three (3) months (quarterly).

Article 34

The Chairman of the Supervisory Board shall convene the meeting upon a justified request with a

proposal of agenda submitted by two (2) members of the Supervisory Board or at the proposal of the Management Board or a Member or group of Members of MCC whose shares represent 1/10 (one-tenth) of the MCC share capital.

The invitation for the Supervisory Board meeting shall be sent to the members of the Supervisory Board at least eight (8) days prior to the meeting with the agenda and appropriate documentation.

Article 35

A quorum of 2/3 (two-thirds) of the total number of members is required to hold a meeting of the Supervisory Board.

If there is no quorum referred to in paragraph 1 of this Article, the Supervisory Board meeting is postponed for seven (7) days and the repeated meeting requires a quorum of the majority of the total number of members.

The Supervisory Board adopts decisions by a majority vote of the members present.

Article 36

The Supervisory Board performs the following tasks:

1. supervises the work of MCC, adopts MCC business strategies and business plans;
2. supervises the work of the Management Board and approves decisions of strategic character,
3. adopts the Rules of Procedure of the Supervisory Board;
4. adopts the Management Board's report on MCC operations on annual and semi-annual financial reports with Balance Sheet and Income Statement and Audit Report;
5. submits to the Assembly the Annual Report on MCC Operations along with reports of the Auditor, Supervisory Board and that of the Audit Committee, including a business plan for the next financial year;
6. prepares proposals for the Assembly meetings and executes its orders;
7. appoints the Management Board members;
8. appoints the Chairman of the Supervisory Board;
9. appoints and dismisses the Audit Committee;
10. proposes distribution and the way to use the profit and cover the losses;
11. approves purchase, sale, replacement, leasing or giving under a lease, taking or issuing loans and other asset transactions, directly or through subsidiaries during the business year, in the amount from 15% to 33% of the book value of the total assets of MCC on the Balance Sheet at the end of the previous year;
12. suggests to the Assembly the purchase, sale, replacement, leasing or giving under a lease, taking or issuing loans and other asset transactions, directly or through subsidiaries during the business year, in the amount exceeding 33% of the book value of the total assets of MCC on the Balance Sheet at the end of the previous year;
13. appoints chairmen and members of sub-committees depending on estimated needs;
14. appoints credit committees;
15. educates periodic committees and decides on their composition and tasks;
16. convenes the Assembly meetings;
17. provides direction and guidance to the Management Board;
18. adopts the Rulebook on Internal Organization and other general policies of the MCC;
19. adopts decisions on incorporation of branch offices, representative offices and other organizational forms of MCC;

20. enters into a contract on the rights, obligations and salary with the Management Board, and
21. performs other tasks that are not within the competence of the Assembly or the MCC Management Board.

Article 37

Each member of the Supervisory Board had one (1) vote.

The decisions of the Supervisory Board are valid if voted for by the majority of present members of the Supervisory Board.

Members of the Supervisory Board may also vote in writing.

Members of the Supervisory Board have the right to compensation for their work on the Supervisory Board, which is defined by the decision of the Assembly.

Closer stipulations on the manner of work and performance of the Supervisory Board shall be defined by the Rules of Procedure of the Supervisory Board.

3. Management Board

Article 38

The Management Board is comprised of the General Manager and Executive Managers.

The number of Executive Managers is defined by the decision of the Supervisory Board, where their responsibilities and responsibilities are further specified.

In addition to the general conditions stipulated by the Law, a person to be named as a member of the Management Board must have:

1. High school diploma (7th degree education),
2. at least three (3) years of work experience on the same or similar jobs,
3. expertise and know-how in the activities of the MCC and knowledge of the content and manner of operation of corporate governance bodies.

Article 39

The Management Board organizes operations and manages the business of the MCC, represents MCC and is responsible for the legality of operations.

Article 40

The General Manager presides over the Management Board, manages operations, represents MCC without limitations except in the following matters:

- related to MCC debt in credit or leasing business,
- disposing of MCC assets in the value exceeding 15% of the book value of the total MCC assets,
- establishing encumbrance over MCC property, for which it needs a decision of the Supervisory Board or the Assembly in accordance with these Articles.

General Manager is responsible for the legality of operations.

The term of office of the General Manager is up to four (4) years, without limitation on re-election.

All appointments and dismissals of the members of the Management Board after the incorporation of MCC shall be made by a special written decision of the Supervisory Board, with the prior approval of the Banking Agency of the Federation of Bosnia and Herzegovina, which will, as a minimum, define the mandate and scope of authority of the Management Board member.

Article 41

The Director may, within the scope of his/her powers, give a third person a written authorization to represent the MCC, that is, to conclude contracts or perform other legal affairs and actions in connection with the MCC's business, whereby his authority may delegate to those workers to whom the Banking Agency of the FB&H has in previous periods denied consent.

In the event of inability to perform his/her duties, the General Manager is replaced by the Executive Manager with the powers vested in the General Manager.

The Supervisory Board concludes with the General Manager a special contract on the position, rights, obligations and salary of the General Manager.

Article 42

The Executive Manager is appointed by the MCC Supervisory Board at the proposal of the General Manager, with the prior approval of the Banking Agency of the Federation of Bosnia and Herzegovina, for the period for which the Director is appointed.

The Executive Manager manages the business, represents MCC and is responsible for the legality of its operations to the extent determined by a special act of the General Manager.

The Executive Manager organizes the work, represents MCC and is responsible for the legality of operations to the extent determined by the Decision of the MCC Supervisory Board, which defines the number of Executive Directors of the Company and their authorizations.

The salary and other material rights of the Executive Manager shall be determined by the General Manager with the prior consent of the Supervisory Board.

Article 43

The responsibility of the Management Board are:

1. manages the MCC operations;
2. proposes the internal organization of MCC;
3. adopts the Rules of Procedure of MCC;
4. proposes basic business policies, business plan and program, development plan and investment programs together with implementation measures;
5. prepares decisions and policies for adoption by the Assembly and the Supervisory Board;
6. adopts the policies and decisions in the field of MCC business in accordance with the regulations;

7. decides on the disposal of assets with book value up to 15% of the total assets of MCC, but for those exceeding this value, it will decide upon previously obtained decision of the Supervisory Board (15-33%) and upon the decision of the Assembly for assets above 33%;
8. decides on short-term and long-term deposits and loans;
9. decides on sale and purchase of a short-term securities;
10. decides on granting loans and making preventive investments;
11. implements the decisions of the Assembly and the Supervisory Board;
12. decides on hiring, termination and assigning staff and their contracts on behalf of the MCC;
13. executes business agreements;
14. provides the reports on the results of operations of the MCC; and
15. performs other duties in accordance with the Law, other regulations and these Articles.

The Management Board adopts its decisions by consensus at Management Board meetings.

Each Management Board meeting is recorded in Meeting Minutes.

Article 44

General Manager and Executive Managers can be dismissed from their duties before expiration of their terms upon their personal request with termination period of 60 (sixty) days.

The Supervisory Board can dismiss the General Manager and Executive Managers before expiration of their terms:

1. if the Management Board or its certain members lose the trust of MCC Founder, on which the Supervisory Board shall adopt a special decision;
2. if the Assembly refuses to adopt the annual report of MCC which includes the financial report and reports of the auditor, Supervisory Board and Auditing Committee,
3. if the Assembly establishes the liability of the General Manager and Management Board members for the damage caused to MCC for reasons stipulated by Art. 258 and 261 of the Law on Companies, whereby Assembly adopts a special decision;
4. in other cases established by the MCC Articles of Association.

In the event of termination of the work of a member of the MCC Management Board either for reasons of dismissal, by agreement or at the request of an Board member, such Board Member shall continue to perform his/her tasks during the notice period set by the MCC Assembly, but not less than 60 (sixty) days.

Article 45

Management Board members shall perform MCC activities with due care of a good businessman and keep trade secrets of MCC.

Management Board members shall not without previous approval of the Supervisory Board:

1. perform activities outside the MCC within the scope of the MCC business,
2. be a board member in another company,
3. be a member of the Supervisory Board in another company engaged in the business of MCC;
4. in all other cases when provided for by other regulations.

4. Audit Committee

Article 46

MCC shall form an Audit Committee.

The Audit Committee consists of three (3) members, elected by the Supervisory Board for a term of four (4) years.

The members of the Audit Committee may not be members of the Supervisory Board, Management Board or employees of MCC, nor have a direct or indirect financial interest in MCC, except for compensation based on that function.

The Audit Committee shall adopt its Rules of Procedure.

Article 47

The Audit Committee shall perform audits of semi-annual and annual accounts and at the same time control the compliance of the MCC business and the functioning of MCC bodies pursuant to the Law, other relevant regulations and basic principles of corporate governance.

The Audit Committee shall submit the report on the activities referred to in Paragraph 1 of this Article to the MCC Assembly and the Supervisory Board no later than eight (8) days after the audit is completed.

X. REPRESENTATION

Article 48

MCC is represented by the Management Board.

General Manager concludes contracts on behalf of the Management Board and performs other legal actions within the scope of activities of MCC and the restrictions established by these Articles.

The Executive Manager represents MCC to the extent established by a special act of the General Manager.

General Manager may, with the consent of the Supervisory Board, give the procuracy to one or more persons (procurator).

XI. ESTABLISHING ORGANIZATIONAL UNITS

Article 49

The internal organization of MCC and its amendments are proposed by the Management Board and approved by the Supervisory Board.

The internal organization and establishment of organizational units of MCC shall be prescribed by the

Rulebook on Organization of MCC.

XII. INTERNAL CONTROL

Article 50

Internal control in MCC is organized through the system of organization of work in MCC.

The Management Board and the Supervisory Board are responsible for establishing internal control by prescribing and establishing procedures in the organization of MCC affairs, through direct hierarchical oversight and information program.

XIII. INTERNAL AND EXTERNAL AUDITS

Article 51

Internal audit activities in MCC are performed by an internal auditor appointed by the Supervisory Board.

The Internal Auditor reports for his/her work to the Supervisory Board and the Audit Committee.

The decision on the appointment of an internal auditor define the rights, duties and responsibilities of this position.

Article 52

External audit of annual financial statements of MCC is performed by an external auditor appointed by the Assembly with the approval of the Banking Agency of the Federation of Bosnia and Herzegovina. MCC shall submit to the Banking Agency of the Federation of Bosnia and Herzegovina a draft act, attached to the request for approval, for contracting the audit of annual financial statements (in the form of a draft contract, letter of intent, etc.).

An external auditor is required to prepare an audit report in accordance with the Law and other regulations governing the field of accounting and auditing.

Article 53

The Supervisory Board is responsible to prepare and submit the audit report from the Article above to the competent authorities and publish them within the deadline prescribed by the Law and acts of the Banking Agency of the FB&H.

XIV. STATUS CHANGES AND CHANGE OF THE FORM OF MCC

Article 54

Upon a reasoned proposal of the Supervisory Board, the MCC Assembly, with a 2/3 (two-thirds) majority vote, passes the Decision on Status Changes:

1. merging,
2. acquisition,
3. division of MCC, and
4. changing the organizational form of MCC from a limited liability company to a joint stock company.

MCC may make status changes in accordance with the Law on Microcredit Organizations of the FB&H, the Law on Companies of the FB&H and the by-laws of the Banking Agency of FB&H.

In order to pass a decision on a status change, the initiative must be initiated in the form of studies on the justification of merger, acquisition or division, and in accordance with the Law on Microcredit Organizations of the FB&H, Law on Companies and By-Laws of the Banking Agency of the FB&H.

XV. SEAL

Article 55

The MCC seal is round in shape, with the MCC name printed on it.

MCC has two seals, a large seal used for verification of business and other documentation, and a small seal used for verification of financial records, employee's labor and medical cards, and similar documentation.

The company also has a stamp that is rectangular in shape, contains a full-size MCC print and a text that more closely indicates the purpose of the stamp.

The manner of using seals and stamps, as well as the number of seals, shall be defined by a decision of the Management Board.

XVI. LOGO

Article 56

MCC can have a logo.

The decision on the form, content and use of the logo is made by the Supervisory Board.

XVII. RULES OF USING THE FUNDS

Article 57

MCC operates through a bank account.

MCC General Manager shall ensure that all business books are kept in compliance with positive regulations.

Business results are shown in periodic and annual accounts under the positive regulations and general acts of MCC.

XVIII. TRADE SECRET

Article 58

Trade secrets at MCC are documents, data and documentation in relation to operations and business of MCC or the work of employees, which, if communicated to unauthorized persons would be contrary to the interests of MCC.

The trade secret shall be the documents and data on loans, loan beneficiaries, credit technological, commercial, financial, technical and property documentation, as well as on the salary of each employee.

Trade secrets shall also be considered information and documents which are declared confidential by an authorized MCC body and disclosed by any authority to MCC as confidential.

MCC Management Board, with the consent of the Supervisory Board, adopts a general act on trade secrecy, which specifies in particular what information is considered a trade secret, a way of protecting trade secrecy and other circumstances of importance for protecting the confidentiality of data in MCC.

Article 59

The obligation of trade secrecy applies to all MCC Members, members of governing bodies, all employees, and to other persons who have in any way learned about information that is considered a business secret.

If the person referred to in paragraph 1 of this Article violates the obligation of trade secrecy, the procedure for damages shall be applied. If such person is in a working or contractual relationship with MCC, such status will be terminated.

The obligation of confidentiality shall not cease even after the person referred to in paragraph 1 of this Article loses his/her capacity on the basis of which he/she has assumed this obligation.

XIX. TERMINATION OF OPERATIONS

Article 60

MCC ceases to operate in the manner and in the cases established by the Law, namely:

1. based on the decision of the Banking Agency of the FB&H on revocation of the license,
2. by the decision of the Assembly on termination of operations,
3. based on status changes by merger, acquisition or division of MCC;
4. due to bankruptcy or liquidation of MCC,
5. by a court ruling to terminate MCC under the Law.

In the process of liquidation or bankruptcy, the funds remaining after the settlement of all MCC liabilities will be distributed to MCC Members in proportion to the amount of their share in MCC share

capital.

The decision on termination of operation of MCC shall be submitted to the Banking Agency of the Federation of B&H.

From the day of revocation of the license to operate under the decision of the Banking Agency of the FB&H, MCC may not engage in micro-lending operations as defined by the Law on Micro-Credit Organizations of the FB&H.

XX. GENERAL

Article 61

General acts, as well as their amendments, are adopted by the Supervisory Board after a justified proposal by the Management Board.

XXI. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 62

The proposal for amendments to the Articles may be submitted by the Supervisory Board, the Management Board and a Member or group of Members of MCC whose shares represent at least 5% of the MCC share capital. The decision on amendments to the Articles is passed by the Assembly.

MCC Member exercises his/her right of initiative by submitting to the Assembly through the Supervisory Board a reasoned proposal for the need to amend or supplement the Articles.

The Articles, as amended, shall enter into force upon their prior approval of the Banking Agency of the Federation of Bosnia and Herzegovina.

In addition to the request for the above approval of the Articles and its amendments, MCC shall submit to the Banking Agency of the Federation of Bosnia and Herzegovina a proposal of the Articles or a Decision on Amendments to the Articles adopted by the competent body of MCC.

After adoption of the Articles or the Decision on Amendments to the Articles by the competent authority, MCC shall, within 15 (fifteen) days from the day of its adoption, submit to the Banking Agency of FB&H the adopted copy of the above mentioned acts with the identical text as the proposal.

XXII. TRANSITIONAL AND FINAL PROVISIONS

Article 63

General acts of MCC, in accordance herewith, shall be adopted within 30 (thirty) days from the day this Articles enters into force.

Article 64

In the event of ambiguity or disagreement about the interpretation of the Articles, the interpretation given by the Assembly shall prevail.

Article 65

The original of the Article is considered to be the text which has been duly adopted by the Assembly and initialed on all pages and signed by the Chairman of the Assembly.

The original of the Articles and its amendments are kept in MCC in a separate registry.

Article 66

These Articles shall enter into force on the day of its adoption by the Assembly of MCC.

Reg. No. 002/2019

Date: 4th March 2019

FOUNDER IN THE FUNCTION OF
COMPANY ASSEMBLY

Signed – illegible

By proxy

Attorney at Law Femil Čurt

End of translation