

---

**SCHEDULE OF MATTERS RESERVED FOR THE BOARD**

---

**BAKER & MCKENZIE**

**Baker & McKenzie LLP  
100 New Bridge Street  
London EC4V 6JA  
United Kingdom  
[www.bakermckenzie.com](http://www.bakermckenzie.com)**

## TBC BANK GROUP PLC

(the "Company")

### SCHEDULE OF MATTERS RESERVED FOR THE BOARD

In the interests of efficient running of any company it is often necessary for the board of the Company (the "**Board**") to delegate certain of its responsibilities to others, such as the Executive Committee. It is however important for the Board to be clear about those matters which are required to be, or in the interest of the company should be, decided by the Board as a whole. This Schedule of Matters Reserved for the Board identifies and formalises the reserved matters for the Board. References to the "**Group**" shall mean the Company and its subsidiaries.

#### 1. Strategy and Management

- 1.1 Responsibility for the overall leadership of the Group and setting the Group's values and standards .
- 1.2 Approval of the Group's long term objectives and commercial and investment strategy.
- 1.3 Approval of the annual operating and capital expenditure budgets of the Group and any material changes to them.
- 1.4 Oversight of the Group's operations ensuring:
  - (a) competent and prudent management;
  - (b) sound planning;
  - (c) an adequate system of internal control;
  - (d) adequate accounting and other records; and
  - (e) compliance with statutory and regulatory obligations.
- 1.5 Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the Group's activities into new business or geographic areas, where the value of investment exceeds 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).
- 1.7 Any decision to start new banking business or cease existing one (including by closing any branches) where the value exceeds 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).
- 1.8 Any decision to acquire shares in, invest in, or dispose of shares in legal entities for a total consideration in excess of an amount equal to the value of 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).
- 1.9 Any decision to cease to operate all or any material part of the Group's business, where the value of the relevant operations exceeds 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).

#### 2. Structure and Capital

- 2.1 Approval of changes relating to the Group's capital structure including reductions of capital, share issues (except under employee share plans) and share buy-backs (including the use of treasury shares).

- 2.2 Approval of the basis for allocation of capital through the annual capital plan.
- 2.3 Approval of major changes to the Group's corporate structure.
- 2.4 Approval any issue of securities of a company in the Group to a person not a member of a Group, where such issue is material in the context of the Group.
- 2.5 Approval of changes to the Group's senior management<sup>1</sup> and control structure.
- 2.6 Any changes to the company's listing or its status as a plc.
- 2.7 Approval of any proposed alteration to the articles of association of the Company.
- 2.8

### **3. Takeovers**

- 3.1 Any decision regarding a takeover offer by the Company for another company which is subject to the City Code on Takeovers and Mergers.
- 3.2 The response to any approach regarding a takeover offer for the Company.

### **4. Financial Reporting and Controls**

- 4.1 Approval of the half-yearly report, interim management statements and any preliminary announcement of interim or final results.
- 4.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 4.3 Approval of the dividend policy.
- 4.4 Declaration of any interim dividend and recommendation of any final dividend (subject to the approval of shareholders in general meeting), or any other distributions by the Company.
- 4.5 Approval of any significant changes in accounting policies or practices (following recommendations by the audit committee).
- 4.6 At least once a year, review and approve each of the following policies to ensure the company is operating at maximum effectiveness: Group Anti-Bribery and Anti-Corruption Policy, Inside Information Disclosure Policy, Code of Conduct, Health and Safety Policy, Internal Audit Policy, Policy on the Provision of Non- Audit Services by External Auditor, Risk Management Policy, Related Party Transaction Policy, Share Dealing Policy, Whistleblower Policy and any other policies the Board deem appropriate.

### **5. Internal Controls**

- 5.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - (a) receiving reports on, and maintaining oversight of the effectiveness of the Group's risk and control processes to support its strategy and objectives;
  - (b) undertaking an annual assessment of these processes; and

---

<sup>1</sup> The definition of 'senior management' for this purpose should be determined by the Board but should normally include the first layer of management below board level and will include the senior management of JSC TBC Bank.

- (c) procuring the approval of an appropriate statement from the audit committee for inclusion in the annual report.

## **6. Contracts**

- 6.1 Approval of any major capital project.
- 6.2 Approval of significant transactions under LR 10 (e.g. reverse takeovers).
- 6.3 Approval of contracts which are material strategically (including but not limited to the purchase, alienation and disposal of property) where the cost impact of the lifetime value exceeds 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).
- 6.4 Approval of contracts of the company or any subsidiary not in the ordinary course of business, (for example major acquisitions or disposals) where the value exceeds 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).
- 6.5 Grant or receipt of loans or other credit by the company or any subsidiary not in the ordinary course of business where the value exceeds 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).
- 6.6 Major investments or divestments, including the acquisition or disposal of interests of more than 5 per cent in the voting shares of any company and where the value exceeds 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).
- 6.7 Approval of any sale, lease, exchange, transfer, pledge, mortgage, contribution or other disposition of the assets (excluding, for the avoidance of doubt, the foreclosure and disposal of repossessed assets, any type of pledge (or collateralisation) of any kind of securities<sup>2</sup>, mortgage or SME loans with National Bank of Georgia and/or repo operations of any kind of securities with commercial banks operating in Georgia), the value of which exceeds 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).
- 6.8 Approval of the purchase, alienation, and disposal of property (excluding, for the avoidance of doubt, the foreclosure and disposal of repossessed assets, any type of pledge (or collateralisation) of any kind of securities, mortgage or SME loans with National Bank of Georgia and/or repo operations of any kind of securities with commercial banks operating in Georgia), the value of which exceeds 1.5 % of the Group's total assets (as shown in the Group's most recently published accounts).

## **7. Borrowings**

- 7.1 Approval of borrowings where the value exceeds 5% of the Group's total assets (as shown in the Group's most recently published accounts).

## **8. Communication**

- 8.1 Convening general meetings of the Company and ensuring a satisfactory dialogue with shareholders.

---

<sup>2</sup> "securities" for this purpose means any equity, share, debenture, mortgage-backed securities, certificates of deposits, treasury bills or other debt or equity instrument, or derivative thereof, whether issued by any public or private company, any government or agency or instrumentality thereof or any supranational, international or multinational organisation.

- 8.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 8.3 Approval of all circulars, prospectuses, listing particulars and recommendations in respect of any matters or notices which may be submitted to the holders of the Company's securities in accordance with statutory requirements or requirements of the Financial Conduct Authority or London Stock Exchange or the Company's articles of association (save that approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights may be delegated to a committee).
- 8.4 Approval of press releases concerning matters decided by the Board.

## **9. Board Membership and Other Appointments**

- 9.1 Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- 9.2 Ensuring adequate succession planning for the Board and senior management.
- 9.3 Appointments to or removals from the Board, following recommendations by the Nomination Committee.
- 9.4 Selection of the chairman of the Board, Deputy Chairman, the Group Chief Executive Officer, the Group Chief Financial Officer and Group senior management<sup>3</sup>.
- 9.5 Appointment of the senior independent director.
- 9.6 Determining membership and chairmanship of Board committees.
- 9.7 Making decisions about continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- 9.8 Making decisions about continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the company, subject to the law and the terms of any service contract.
- 9.9 Appointment or removal of the Group Company Secretary.
- 9.10 Making recommendations to shareholders about appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.
- 9.11 Appointments to boards of the Group's principal subsidiaries.

## **10. Remuneration**

- 10.1 Determining the remuneration policy for the directors, Group Company Secretary and other senior management, following recommendations from the Remuneration Committee.
- 10.2 Determining, following recommendations from the Remuneration Committee, the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- 10.3 Approval of new share incentive plans or major changes to existing plans, to be put to shareholders for approval

---

<sup>3</sup> The definition of 'senior management' for this purpose should be determined by the Board but should normally include the first layer of management below board level and will include the senior management of JSC TBC Bank.

## **11. Delegation of Authority**

- 11.1 Establishing and determining the division of responsibilities between the chairman, the Group Chief Executive Officer and other executive directors, which should be in writing.
- 11.2 Approval of terms of reference of Board committees.
- 11.3 Receiving reports from Board committees on their activities.
- 11.4 Granting powers of attorney
- 11.5 Approval of the limits of the authority to approve expenditure, investments and such other matters as the board may determine, delegated to the chief executive officer, finance officer, finance director and other directors and senior managers.

## **12. Corporate Governance Matters**

- 12.1 Undertaking a formal and rigorous review annually of the Board's own performance, that of its committees and individual directors.
- 12.2 Determining the independence of directors.
- 12.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 12.4 Review of the Group's overall corporate governance arrangements.
- 12.5 Receiving reports on the views of the company's shareholders.
- 12.6 Considering whether to authorise (and, if so decided, authorising) directors' conflicts of interest for the purposes of section 175 Companies Act 2006 (having regard to any recommendations which may be made for this purpose by the appropriate committee of the Board, including with respect to the terms and conditions upon which any such authorisation should be given).

## **13. Other**

- 13.1 Any action that requires authorisation under section 366 of the Companies Act 2006 (as amended or supplemented from time to time).
- 13.2 The settlement of litigation the value of which exceeds 1.5% of the Group's total assets (as shown in the Group's most recently published accounts).
- 13.3 Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and indemnification of directors.
- 13.4 Major changes to the rules of the Group's pension scheme, or changes of trustees or (when this is subject to the approval of the company) changes in the fund management arrangements, where the value of such changes exceeds 1.5% of the Group's total assets (as shown in the Group's most recently published accounts).
- 13.5 Appointment of the Company's principal financial and professional advisers
- 13.6 Amendment of this Schedule of Matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the Board will receive reports and recommendations from time to time from the Board's committees and sub-committees, the senior management of the Group and the Group's professional advisers on any matter which it considers significant to the Group.