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JSC TBC BANK

**MANAGEMENT BOARD
REGULATION**

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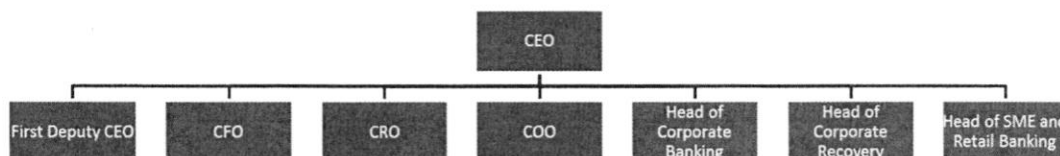
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INTRODUCTION

Section 0.1. Complementary to Law and Charter. This management board regulations (the "Regulation") regulates the composition and activities of the management board (the "Management Board") of JSC TBC Bank (the "Bank"), which, subordinated to the supervisory board (the "Supervisory Board") of the Bank, has the executive functions in the Bank. This Regulation is complementary to the provisions regarding the Management Board and its members contained in applicable Georgian laws, the charter (the "Charter") of the Bank and the rules pertaining to the relationship between the Supervisory Board and the Management Board contained in the Supervisory Board regulations (which have been approved by the Supervisory Board).

Section 0.2. Headings. Headings of Sections and other headings in this Regulation are inserted for ease of reference and do not form part of the regulation for the purpose of interpretation.

Section 0.3. Structure of the Management Board



CHAPTER 1

COMPOSITION OF THE MANAGEMENT BOARD; POSITIONS

1. Composition; Division of Tasks

Section 1.1. Appointment by the Supervisory Board. The Supervisory Board appoints and dismisses the members of the Management Board, considering the suggestions of the Corporate Governance and Nomination Committee. Management Board members should have necessary education (to be proofed by corresponding certificates), experience, competence and integrity to properly manage the Bank's business. All of the candidate's information should be presented to the Supervisory Board upon the Management Board member's appointment. Upon appointment, employee contract is signed with each member of the Management Board. Such

contract should contain the clause about necessity to dedicate sufficient amount of time to execute his/her duties.

Section 1.2. Term Limits. Management Board members are appointed for terms of no more than four years. Reappointment is allowed without restrictions.

Section 1.3. Number of Members. The Supervisory Board, after consultation with the general director (hereinafter the "General Director"), shall determine the number of Management Board members, provided that it shall not be less than 3.

Section 1.4. Allocation of Responsibilities and Collective Responsibility. The Chief Executive Officer recommends and the Supervisory Board approves, any changes in the general responsibilities as defined in this Regulation. Management Board members delegated with particular managerial responsibilities are primarily responsible for them and may not exceed the authority or powers of the Management Board as a whole. The Management Board is collectively responsible for the decisions and actions taken by any member of the Management Board. Every Management Board member reports directly to the Chief Executive Officer who is the main contact between the Supervisory Board and the Management Board.

Section 1.5. Duty to Inform. Each member of the Management Board must promptly inform the Chief Executive Officer and the other members of the Management Board of the actions he has taken and major developments of which he/she becomes aware.

2. Chief Executive Officer

Section 2.1. Appointment. The Supervisory Board appoints (and dismisses) the Chief Executive Officer.

Section 2.2. General Duties. Within the Management Board, the Chief Executive Officer is primarily responsible for:

- (a) chairing meetings of the Management Board and ensuring minutes are kept of such meetings;
- (b) ensuring that the Management Board functions and makes decisions in a collective manner;
- (c) determining whether a proposed resolution should be brought to the Management Board for a vote;
- (d) ensuring that resolutions comply with the Bank's strategy;
- (e) supervising the implementation of resolutions adopted by the Management Board;

- (f) consulting with members of the Management Board on their responsibilities;
- (g) taking the lead on development of the strategy and general policies of the Bank;
- (h) reporting on behalf of the Management Board to the Supervisory Board;
- (i) supporting the Supervisory Board and its relevant committees in evaluating performance of the Management Board members;
- (j) ensuring implementation of the Supervisory Board decisions;
- (k) organizing the Management Board activity; and
- (l) signing minutes and other reports following the results of the meetings.

Section 2.3. Management Board Responsibilities. Within the Management Board, the Chief Executive Officer is also responsible for the following matters regarding the relationship between the Management Board and the Supervisory Board:

- (a) designating Management Board members to consult, on behalf of the Management Board, with committees of the Supervisory Board;
- (b) ensuring that the Supervisory Board receives all information necessary for it to properly perform its duties;
- (c) communicating on behalf of the Management Board with the Supervisory Board;
- (d) consulting regularly with the chairman of the Supervisory Board and, if advisable, with other members of the Supervisory Board;
- (e) considering requests of Management Board members to consult with particular members of the Supervisory Board regarding an area of expertise; and
- (f) if requested, participating in meetings of the Audit Committee and the Chief Financial Officer.

3. First Deputy General Director and Deputy General Director

Section 3.1. General Director, the first deputy General Director and the deputy General Director are severally authorized to represent the Bank in legal relations with the third parties and, in case of absence or temporary inability to fulfill the obligations, the General Director may temporarily transfer his powers to its first deputy, and in case of absence of the first deputy, at the consent of the Supervisory Board, to one of the other members of the Management Board.

4. Company Secretary

Section 4.1. Company Secretary. Head of the Administrative Department of the Bank shall act as the company secretary (the "Company Secretary") and shall assist the Management Board.

Section 4.2. Universal Access. All Management Board members may apply the Company Secretary for advice or to use his/her services.

Section 4.3. Responsibilities. The Company Secretary sees to it that the Management Board follows correct procedures and that the Management Board complies with its obligations under law, the Bank's Charter and this Regulation. The Company Secretary shall assist the Chief Executive Officer in organizing the Management Board's activities (including the preparing and reporting of meetings, providing information, preparing an agenda, and the reporting of meetings). The Company Secretary is the secretary of the Management Board.

Section 4.4. Duties for Supervisory Board. The Company Secretary also performs tasks for the Supervisory Board, as provided for in the Supervisory Board regulations.

CHAPTER II DUTIES AND POWERS

5. General Duties and Powers

Section 5.1. General Responsibilities. The Management Board is charged with the management of the Bank and is responsible for achieving the Bank's objectives as well as the Bank's annual budget and ensuring that the Bank's activities are consistent with the Bank's business, risk, IT and other strategies, risk tolerance/appetite and policies approved by the Supervisory Board. The Chief Executive Officer is accountable for these matters to the Supervisory Board and the general meeting of shareholders (the "General Meeting of Shareholder") of the Bank. The legal responsibility for the Management of the Bank however is vested collectively in the Management Board.

The Management Board is responsible for:

- a) Enforcement of the Bank's strategy (including business, risk, IT and other strategies);
- b) Managing the day-to-day business of the Bank;
- c) Compliance with all relevant laws and regulations ;
- d) Establishment, under the guidance of the Supervisory Board, of an effective system of internal controls;
- e) Implementing the appropriate systems to manage the risks attached to the Bank's activities and for financing the Bank. The Chief Executive Officer, the Chief Financial Officer and the Chief Risk Officer report on these questions to the Supervisory Board and its relevant committees;
- f) Delegating duties to the personnel of the Bank and overseeing the exercise of such delegated responsibility;
- g) Guaranteeing that the management structure promotes accountability and transparency;
- h) Supporting implementation of internal and external auditors' recommendations;
- i) Supporting implementation of day-to-day IT infrastructure;
- j) Supporting implementation of effective Bank's organizational structure;
- k) Establishing remuneration policy for employees;
- l) Approving internal documents (policies, procedures, methodologies, etc.);
- m) Delegating responsibilities to committees of the Management Board
- n) Establishing limits on the chief officers for the purpose to limit their authorities;
- o) Making decisions on sponsorship and charity actions;
- p) Proposing establishment of new branches;
- q) Establishing of confidential information corresponding list; and
- r) Deciding on other issues within its competence.

Section 5.2. Board Acts in Interest of Bank. The Management Board shall act in the best interests of the Bank and the business, taking into consideration the interests of the Bank's stakeholders.

Section 5.3. Quality of Performance. The Management Board is responsible for the quality of its own performance.

Section 5.4. Action in Concert. As much as they can within their individual responsibilities as members of the Management Board, members shall publicly act and speak in concert with respect to important affairs and matters of principle.

Section 5.5. Responsibility for Compliance. The Management Board is responsible for the Bank's compliance with any applicable laws and regulations.

Section 5.6. Supervision by Supervisory Board. The Management Board shall be supervised by the Supervisory Board.

6. Strategy and Risks

Section 6.1. Formulation of the Bank's Strategy. The Management Board shall formulate, record and submit to the Supervisory Board for approval: (i) the operational and financial objectives of the Bank; (ii) the strategy designed to achieve such objectives; and (iii) the strategic indicators to be applied (including, for example, financial ratios).

Section 6.2. Internal Risk Controls. The Management Board shall ensure that the Bank has suitable internal risk control systems. The Management Board shall develop the risk analyses of the operational and financial objectives of the Bank, as well as an appropriate system of monitoring and reporting.

7. Financial Reporting; Annual Accounts and Annual Report

Section 7.1. Responsibility for Financial Reports. The Management Board is responsible for preparing the Bank's financial reports, including the annual financial statements to be presented for approval to the General Meeting of Shareholders. Preparing the annual report, the annual accounts, the quarterly (if any) and semi-annual financial information requires careful internal procedures. The Management Board shall establish and maintain such internal procedures and ensure that all material financial information is made available to the Management Board, so that the Bank's financial reports are prepared on time and are complete and accurate. For this purpose, the Management Board shall ensure that the Bank's business divisions and subsidiaries report financial information to the Management Board and that such reports are on time and accurate.

8. Relations with the External Auditor

Section 8.1. General Assistance. The Management Board shall assist the external auditor to perform its audit work and shall contribute to the effectiveness of the external auditor's work.

9. Relation with the Supervisory Board

Section 9.1. Chief Executive Officer is First Contact. The Chief Executive Officer shall be the Management Board's principal contact with the Chairman of the Supervisory Board and other members of the Supervisory Board.

Section 9.2. Act in Accordance with Law, Charter and Regulation. The Management Board and its members shall comply with this Regulation, the Supervisory Board regulations, the regulations of the Supervisory Board committees, the Bank's Charter and applicable law.

10. Relation with the Shareholders

Section 10.1 General Meeting. Management Board shall use its best efforts to provide shareholders with all information necessary or requested for the shareholders to properly act at the general meeting.

Section 10.2. Attendance by Board. The Management Board shall ensure that (other than for important reasons) the members of the Management Board, and at least the General Director and the first deputy General Director attend the General Meeting of Shareholders.

Section 10.3. Changes to Corporate Governance. Any substantial change to the corporate governance structure of the Bank shall be submitted to the General Meeting of Shareholders for discussion under a separate agenda item.

Section 10.4. Dividend Policy. The policy of the Bank on dividends and any changes to this policy shall be included as a separate agenda item at the General Meeting of Shareholders.

Section 10.5. Distribution of Dividends. Any proposal to distribute a dividend shall be included as a separate agenda item at the General Meeting of Shareholders.

Section 10.6. Compliance with Laws. The Management Board shall ensure all laws are complied with, regarding the rights of the General Meeting of Shareholders and of individual shareholders.

11. Website of the Bank

The Management Board shall post and update all information that the Bank is required to publish or deposit pursuant to the applicable provisions of the Law on the Activities of Commercial Banks and/or other banking laws or securities law and regulation on a recognizably separate part of the Bank's website (i.e. separate from the commercial information of the Bank). Annual reports and other financial statements required by the National Bank of Georgia, all Supervisory Board committees' information, Supervisory Board and the Management Board structure (including size, membership, qualifications and experience, reporting lines and responsibilities), ownership structure, organizational structure, code of conduct, the Bank's policies related to conflict of interest, risk management system, information whether the Bank is publicly traded or non-listed shall be disclosed in a timely and accurate manner.

CHAPTER III

MEETINGS OF THE MANAGEMENT BOARD; DECISION-MAKING

12. Meetings of the Management Board

Section 12.1. Frequency, Notice and Agenda.

(a) The Management Board shall meet as often as necessary, but at least once per each month.

(b) Meetings of the Management Board shall be called by the Chief Executive Officer via e-mail at least one business day before the meeting. Company Secretary shall assist the General Director in such e-mail communication, shall circulate the meeting materials among the members and ensure effective exchange of information, when necessary. For urgent matters Management Board meetings may be convened upon the immediate notice.

(c) Management Board members who have taken part in a meeting may not raise objections against the resolutions adopted at the meeting on grounds of an insufficient notice.

Section 12.2. Chairman. Management Board meetings are chaired by the Chief Executive Officer or, in the absence of the General Director, the first deputy General Director. If both the Chief Executive Officer and the first deputy General Director are absent, one of the other Management Board members, designated by a majority of votes cast by the Management Board members present and represented at the meeting, shall chair the meeting.

Section 12.3. Attendance by Non-Members. The admittance to a meeting of persons other than the Management Board members shall be decided by majority vote of the Management Board members present at the meeting.

Section 12.4. Agenda. All members of the Management Board shall be given the opportunity to add issues to the agenda for discussion at meetings of the Management Board.

13. Decision-Making within the Management Board

Section 13.1. Preference for Unanimity. The Management Board members shall try to unanimously adopt resolutions.

Section 13.2. Individual Vote. Each Management Board member has the right to cast one vote.

Section 13.3. Majority Vote; Quorum. Where unanimity cannot be reached and the law, the Bank's Charter or this Regulation does not prescribe a larger

majority, all resolutions of the Management Board are adopted by a majority of the votes cast. In the event of a tie, the Chief Executive Officer shall have the deciding vote. At a meeting, the Management Board may only pass resolutions if the majority of the Management Board members are present or represented.

Section 13.4. Adoption at Meeting. In general, resolutions of the Management Board are adopted at a Management Board meeting.

Section 13.5. Actions Subject to Supervisory Board Approval. Where the law and/or the Bank's Charter require the Supervisory Board approval, Management Board shall present such resolutions to the Supervisory Board.

Section 13.6. Attendance of Expert Members. The Management Board shall not pass resolutions relating to the area of expertise of a particular Management Board member in the absence of that Management Board member.

Section 13.7. Resolutions Adopted Outside a Meeting. Notwithstanding the provisions of Sections 13.3 (last sentence), 13.4 and 13.6, considering the urgent nature and other circumstances of the case, Management Board resolutions may also be adopted in writing via e-mail communication, provided that all Management Board members are allowed the opportunity to participate in the decision-making process. Company Secretary shall facilitate the e-mail communication among the Management Board members. For the avoidance of any doubt, quorum requirements for such resolutions adopted outside a meeting shall be the same as prescribed in Section 13.3 above.

Section 13.8. Minutes. Minutes must be drawn up for every Management Board meeting and for every resolution adopted outside a meeting. The Company Secretary or any other person designated for such purpose by the chairman of the meeting shall draw up minutes of the meeting in maximum one week's period from the date of the meeting and circulate the draft minutes among the attendees. The minutes should provide insight into the decision-making process at the meeting, as well as contain information on the time, place, agenda and participants of the meeting and the results of discussions. Each member of the Management Board shall receive a copy of the minutes. Each member of the Management Board may demand a note explaining how he/she voted or a formal declaration by him/her be included in the minutes. The minutes of a meeting are taken as having been approved if the members of the Management Board do not submit a written objection to the chairman within three days of the date on which the minutes were distributed. If the chairman is unable to resolve the objection, a decision must be taken on it in the next meeting. The minutes are to be signed by the chairman of the meeting and the minute writer and then added to the Bank's records. Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.

CHAPTER IV OTHER PROVISIONS

14. Conflicts of Interests of Management Board Members

Section 14.1. Prohibited Actions. A Management Board member shall not:

- (a) compete with the Bank;
- (b) demand or accept significant gifts from the Bank for himself or for his/her spouse or other life companion, foster child or relative by blood or marriage up to the second degree;
- (c) take any action in favor of a third party to the detriment of the Bank; or
- (d) take advantage of business opportunities to which the Bank is entitled for himself/herself or for his/her spouse or other life companion, foster child or relative by blood or marriage up to the second degree.

Section 14.2. Duty to Disclose. A Management Board member shall immediately report to the Chief Executive Officer any conflict of interest or potential conflict of interest and shall provide all relevant information, including information concerning his/her spouse or other life companion, foster child and relatives by blood or marriage up to the second degree. The Management Board shall decide, without the Management Board member concerned being present, whether there is a conflict of interest.

Section 14.3. Related Party Transactions. A conflict of interest exists if the Bank intends to enter into a Related Party transaction as described in the Fourth Amended and Restated Shareholders Agreement of the Bank. **Section 14.4. Abstention by Conflicted Party.** A Management Board member shall not take part in any discussion or decision-making that involves any subject or transaction in which he/she has a conflict of interest with the Bank.

Section 14.5.14.4. Requirements to Approve Conflict of Interest. All transactions in which there are conflicts of interest with Management Board members shall be agreed on terms that are customary for arm's-length transactions in the Bank's business. Decisions to enter into transactions in which there are conflicts of interest with Management Board members Notwithstanding the foregoing and subject to any additional requirement of Georgian law, the entry into any Related Party Transaction by the Bank or any of its subsidiaries shall require the approval of the Supervisory Board. and for the purpose of this Section 14.4, the term "Related Party Transaction" shall have the meaning given to it in the Bank's Charter.

15. Remuneration of Management Board Members

Section 15.1. General Provisions. The Supervisory Board (an its Remuneration Committee) shall determine the amount of remuneration and terms of contracts of employment with Management Board members in accordance with relevant provisions of the Bank's Charter and the Supervisory Board regulations.

Section 15.2. Sole Remuneration and Profit. Management Board members shall not profit from the activities of the Bank other than through remuneration as a Management Board member or through the shares held in the Bank's equity capital.

16. Other Positions

Section 16.1. No Excess Board Memberships. Members of the Management Board shall limit their other positions so as to ensure they can perform their duties as members of the Management Board. Management Board members may not be the members of the management boards of other companies. They may be the members of the supervisory boards of no more than three other companies. Membership of the supervisory boards of affiliates of the Bank does not count for this purpose.

Section 16.2. Memberships Require Prior Supervisory Board Approval. The acceptance by a Management Board member of membership on the supervisory board of a company (other than a company affiliated with to the Bank, or a non-profit organization, as this term is defined under Georgian law) requires the prior approval of the Supervisory Board.

Section 16.3. Approval for Other Employment. Management Board members shall not, without prior permission of the Chief Executive Officer or, in the case of the Chief Executive Officer, prior permission of the chairman of the Supervisory Board, accept:

- (a) any other remunerated employment position, including in an advisory or supervisory capacity; or
- (b) any non-remunerated employment position.

17. Confidentiality

Section 17.1. Duty to Keep Information Confidential. Unless required to do so by law, no Management Board member shall, during his/her membership on the Management Board or afterwards, disclose any information of a confidential nature regarding the business of the Bank and/or any companies in which it holds a stake, that came to his/her knowledge in the capacity of his work for the Bank and which he/she knows or should know to be of a confidential nature. A Management Board member may disclose such information to Management Board members and Supervisory Board members as well as to staff members of the Bank and companies in which the Bank holds a stake who, in view of their activities for the Bank and companies in which the Bank holds a stake, should be informed of the information. A Management Board member shall not use such confidential information for his/her personal benefit.

Section 17.2. Return of Confidential Information. At the end of each Management Board member's term of office, he/she shall return all confidential documents in his possession to the Bank or guarantee their disposal in a manner that ensures confidentiality is preserved.

Section 17.3. Notice of Disclosure. If a Management Board member intends to disclose to third parties information which he/she has become aware of in his/her duties and which may be confidential, he/she must inform the Chief Executive Officer of his/her intent and the identity of the person who is to receive the information with sufficient notice for the Chief Executive Officer to assess the situation and advise the Management Board member. This section applies to both official and personal statements and to any person attending Management Board meetings which in terms of their content and form are clearly only intended for the Management Board.

18. Miscellaneous

Section 18.1. Amendment. This Regulation may be amended by the Supervisory Board at any time and without any advance notification being made to the Management Board.

Section 18.2. Interpretation. In case of uncertainty or difference of opinion on how a provision of this Regulation should be interpreted, the opinion of the chairman of the Supervisory Board shall be decisive.

Section 18.3. Governing Law and Jurisdiction. This Regulation is governed by the laws of Georgia. The courts of Georgia have exclusive jurisdiction to settle any dispute arising from or in connection with this Regulation (including any dispute regarding the existence, validity or termination of these rules).

Section 18.4. Inconsistency with Georgian Law and the Bank's Charter. This Regulation is complementary to the provisions governing the Management Board activity as contained in Georgian law, other applicable Georgian regulations and the Bank's Charter. Where this Regulation is inconsistent with Georgian law, other applicable Georgian regulation or the Bank's Charter, the latter shall prevail. Where this Regulation is consistent with the Bank's Charter but inconsistent with Georgian law or other applicable Georgian regulation, the latter shall prevail.

Section 18.5. Partial Invalidity. If one or more provisions of this Regulation are or become invalid, this shall not affect the validity of the remaining provisions. The Management Board, subject to prior approval of the Supervisory Board, may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this Regulation is, to the greatest extent possible, similar to that of the invalid provisions.