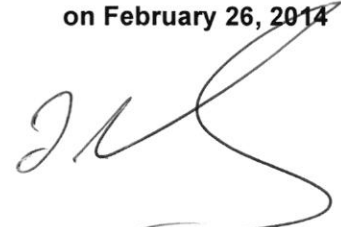


Approved by the Supervisory Board

on February 26, 2014



Signed by Mamuka Khazaradze

JSC TBC Bank

Remuneration Committee Policy

1. General remarks

- 1.1. The Remuneration Committee is a committee of the Supervisory Board of the Bank from which it derives its authority and to which it regularly reports.
- 1.2. This Policy document has been adopted by the Supervisory Board based on the requirements of Georgian legislation and Basel II recommendations on corporate governance. It defines the Committee's purpose and role in the Bank's activity, as well as the structure, membership, details of the meetings and other procedural questions related to the Committee's activity.
- 1.3. In carrying out their responsibilities Committee members shall act in accordance with this Policy document, Regulation of the Supervisory Board of the Bank, Charter of the Bank and applicable law.
- 1.4. Committee may only exercise such powers as are explicitly attributed or delegated to it. Committee is performing advisory functions and the decisions that, by law, must be taken by the Supervisory Board, may not be delegated to the Committee.

2. Purpose of the Committee

- 2.1. The principal purpose of the Committee is to:
 - a. Consider and approve the evaluation and motivation system for the Supervisory Board, Management Board, Heads of Business Lines and Highest Paid Employees (as determined by Appendix A) for successful work;
 - b. Consider and present to the Supervisory Board for approval, the compensation arrangements for the Supervisory Board members, Management Board members and Heads of Business Lines and Highest Paid Employees of the Bank.

3. Committee Membership and Composition, Member's Rights and Obligations

- 3.1. Remuneration Committee shall be formed of the four members of the Supervisor Board of the Bank, out of which at least two members shall be independent (as defined by the Regulation of the Supervisory Board of the Bank). The Committee members should have adequate qualification and necessary experience in matters within the Committee's competence. They should have substantial knowledge about compensation arrangements and the incentives and risks that can arise from such arrangements.
- 3.2. Committee's members are appointed/selected by the Supervisory Board by a majority of the votes present for a term of four years. Reappointment is allowed without restrictions, provided that a member still meets the criteria for the Committee membership.
- 3.3. Committee members shall have the following rights:
 - a. Request documents, reports, explanations and other relevant information from the officers, executives and employees of the Bank;
 - b. Invite the Bank's officers, executives and employees to its meetings as observers to question them, and seek explanations and clarifications;
 - c. Utilize the services of outside consultants, experts, and advisors, if necessary;
 - d. Perform any other duties as may be required by the Supervisory Board within the scope of authority of the Committee as set forth herein.
- 3.4. Committee members shall have the following obligations:
 - a. Participate in the activities and work of the Committee, and attend all its meetings;
 - b. Treat as confidential all information that becomes known to him/her in the course of performing his/her duties;
 - c. Inform the Supervisory Board of any changes in his/her independent status or any conflicting interest regarding decisions to be made by the Committee
 - d. Report to the Supervisory Board and especially its Chairman about important issues and decisions.

4. Committee's Functions, Role and Responsibility

The main responsibilities of the Committee are:

- 4.1. In consultation with the Chairman of the Supervisory Board and the Chief Executive Officer of the Bank, to advise to the Supervisory Board the compensation system for the Supervisory Board and the Management Board compensation.
- 4.2. In accordance with the system
 - 4.2.1. To review each of the Supervisory Board members achievements and to determine appropriate compensations including year-end bonuses;
 - 4.2.2. To review CEO's achievements and to determine appropriate compensation including year-end bonuses;
 - 4.2.3. Based on the suggestions of CEO of the Bank, to review each member of the Management Board (other than CEO) accomplishment and to determine their appropriate compensation including year-end bonuses;
 - 4.2.4. To review the Highest Paid Employees and the Head of Business Lines of the Bank achievements and to determine appropriate compensation including year-end bonuses.
- 4.3. After the reviews as per clause 4.2 above, to present to the Supervisory Board for Approval the compensation arrangements for the Supervisory Board members, Management Board members, as well as for the Heads of Business Lines and the Highest Paid Employees of the Bank.
- 4.4. To approve a long-term motivation program and support in its development.

- 4.5. To settle the compensation policy for the Bank's management representatives' dismissal.
- 4.6. To approve an annual report prepared with regards to remuneration policy and practice.

5. Committee Structure and Meetings

- 5.1. **Meetings** - Committee meetings shall be held at least once a quarter. All Committee members are expected to attend the meetings, in person or via telephone or video conference. The Chairman of the Committee, Chairman of the Supervisory Board or the Chief Executive Officer of the Bank may each convene the Committee meeting at any time, usually at one week's notice, to consider any matters falling within the competence of the Committee. Committee meeting agenda will be prepared and provided in advance to the members, along with appropriate material.
- 5.2. **Quorum** – Quorum for the Committee meeting shall be two. Each member shall have one vote. The Chairman of the Committee shall have a casting vote.
- 5.3. **Chairman** – one of the independent members from among the Committee members shall be elected by the Supervisory Board as the Committee Chairman. Chairman of the Committee shall report to the Supervisory Board. In the absence of the Chairman of the Committee, the remaining members present shall elect one of themselves to chair the meeting.
- 5.4. **Secretary** – Company Secretary shall act as Secretary of the Committee and shall attend the Committee meetings. The Secretary shall ensure that the committee receives all necessary information in a timely manner.
- 5.5. **Attendees** – only the members of the Committee and other independent Board members of the Bank have the right to attend Committee meetings. The Chairman of the Supervisory Board, Chief Executive Officer, HR Director, Head of HR Department or other persons may be invited by the Committee Chairman to attend the meeting, if appropriate.
- 5.6. **Support** – The Bank shall provide necessary support to the Committee's activity, including the financial support, if applicable.
- 5.7. **Minutes** – Secretary to the Committee shall minute the proceedings and the decisions of all meetings of the Committee, including recording the names of those present, absent and in attendance. Secretary to the Committee shall prepare and circulate the draft minutes of the Committee meetings promptly to all members and other attendees of the relevant meeting. Minutes of any meeting shall be announced as final, once approved by the Committee Chairman. To all Supervisory Board members unlimited access to all the minutes of the Committee meetings must be granted in any time. Committee Secretary is the key responsible person to provide such an access.

6. Committee Self Assessment and Reporting

Apart from the regular reporting to the Supervisory Board on the outcomes of activities of the Committee, it shall conduct an annual self-assessment (including the evaluation of the Committee's compliance with this Policy document) and report any conclusions and recommendations to the Supervisory Board not later than in three months period from the end of the relevant year.

7. Disclosure of Information on the Committee's Operations

The committee shall each year prepare a Remuneration Report which should be presented to the Supervisory Board for approval and be published per the Bank's disclosure policy.

Committee information, including the membership of the Committee and the description of the Committee's duties and activities during the year shall be disclosed on the Bank's web-site.

8. Concluding Remarks

- 8.1. **Amendments** – This Policy document may be amended by the Supervisory Board at its sole discretion without prior notification.
- 8.2. **Inconsistency with Georgian Law and Bank's Charter** – Where this Policy document is inconsistent with Georgian law, other applicable Georgian regulation or the Bank's Charter, the latter shall prevail. Where this Policy document is consistent with the Bank's Charter but inconsistent with Georgian law or other applicable Georgian regulation, the latter shall prevail.

Appendix A

For the purposes of this document:

Heads of Business Lines are:

- a. Head of Corporate Banking; and
- b. Head of Retail and SME Banking.

Highest Paid Employee is:

- a. The employee whose compensation is higher than 75% of the lowest compensation of any of the Management Board member.