

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about its contents or the action you should take, you are advised to consult your stockbroker, bank manager, solicitor, accountant and/or other appropriate independent professional adviser without delay.

If you have sold or otherwise transferred all your shares in TBC Bank Group PLC, you should pass this document and the accompanying documents to the purchaser or transferee, or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.



Dear Shareholder

## ANNUAL GENERAL MEETING 2017

I am pleased to invite you to our Annual General Meeting ("AGM") which will be held at the offices of Baker McKenzie, 100 New Bridge Street, EC4V 6JA on Monday 5 June 2017 at 10:00 am. Formal notice of the meeting is set out on pages 2 to 4 of this circular. The AGM is an opportunity for shareholders to express their views directly with the Board and I hope you will take the opportunity to do so.

An explanation of the resolutions to be considered at the AGM can be found on pages 5 to 7 of this circular. Resolutions 1 to 17 will be proposed as ordinary resolutions. Resolutions 18 to 21 will be proposed as special resolutions.

If you would like to vote on the resolutions but cannot come to the AGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the AGM by using one of the methods set out in the additional notes to this notice.

## What to do next

As always, your vote is important to us and you are requested to:

**Complete and return a form of proxy to Equiniti Limited, the Company's Registrar, by 10:00 am on Thursday 1 June**

Proxy voting in respect of uncertificated shares may also be registered through CREST (see the paragraph headed, "Appointment of proxy through CREST" on page 8 in the "General Notes" section of the notice of AGM).

Shareholders who return a form of proxy will still be able to attend and vote at the AGM if they wish to do so.

The directors believe that it is important that the voting intentions of all members are taken into account, not just those who are able to attend the AGM and, as such, we propose putting all resolutions to shareholders by way of poll using a poll card, rather than on a show of hands. This is a more transparent method of voting as shareholder votes are counted according to the number of shares held and this will ensure an exact and definitive result. Shareholders attending the AGM will still have the opportunity to ask questions and vote on each resolution.

## Recommendation

The Board considers that all of the resolutions to be considered at our AGM are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The directors unanimously recommend that you vote in favour of each of them, as they intend to do in respect of their own beneficial holdings of shares in the Company.

Yours sincerely

**Mamuka Khazaradze**  
Chairman

3 May 2017

NOTICE IS HEREBY GIVEN that the Annual General Meeting of TBC Bank Group PLC (the “**Company**”) will be held at the offices of Baker McKenzie, 100 New Bridge Street, London, EC4V 6JA on Monday, 5 June 2017 at 10:00 am to consider and, if thought fit, to pass the following resolutions:

The following resolutions 1 to 17 will be proposed as ordinary resolutions.

### Report and Accounts

1. To receive the accounts of the Company for the year ended 31 December 2016 together with the directors’ report, the strategic report, the directors’ remuneration report and the auditor’s report.

### Directors’ Remuneration

2. To approve the directors’ remuneration policy in the form set out on pages 117 to 120 of the Annual Report and Accounts, with effect from 1 January 2018.
3. To approve the directors’ remuneration report set out on pages 108 to 123 of the Annual Report and Accounts for the year ended 31 December 2016, other than the part containing the directors’ remuneration policy, which is set out on pages 117 to 120.

### Final Dividend

4. To declare a final dividend of GEL 1.42 per ordinary share of the Company for the year ended 31 December 2016, payable in British Pounds Sterling at the official exchange rate of the National Bank of Georgia for 15 June 2017, to be paid on 14 July 2017 to the holders of ordinary shares on the register of members at 6:00 pm (London time) on 9 June 2017.

### Reappointment of Directors

5. To reappoint Mamuka Khazaradze as a director of the Company.
6. To reappoint Badri Japaridze as a director of the Company.
7. To reappoint Nikoloz Enukidze as a director of the Company.
8. To reappoint Stefano Marsaglia as a director of the Company.
9. To reappoint Nicholas Dominic Haag as a director of the Company.
10. To reappoint Eric J. Rajendra as a director of the Company.
11. To reappoint Stephan Wilcke as a director of the Company.
12. To reappoint Vakhtang Butskhrikidze as a director of the Company.
13. To reappoint Giorgi Shagidze as a director of the Company.

### Auditor

14. To reappoint PricewaterhouseCoopers LLP as auditor of the Company to hold office until the conclusion of the next Annual General Meeting.
15. To authorise the directors to determine the auditor’s remuneration.

### Scrip Dividend

16. That:
  - (a) the directors be and are hereby authorised to offer holders of its ordinary shares of £0.01 each the right to elect to receive ordinary shares, credited as fully paid, instead of a cash dividend from time to time or for such period as the directors may determine, all pursuant to the provisions of Article 126 of the Company’s articles of association, as in force from time to time, and on such other terms and conditions as the directors may from time to time determine, provided that the authority conferred by this resolution shall expire at the end of the third Annual General Meeting of the Company after the date on which this resolution is passed; and
  - (b) for the purposes of any offer made pursuant to paragraph (a) of this resolution, the directors be and are hereby authorised, in accordance with the Company’s articles of association, as in force from time to time, to capitalise such amount standing to the credit of any reserve or account of the Company as may be necessary and apply the same in paying up and allotting and issuing new ordinary shares in the Company to the ordinary shares who have, or are deemed to have, validly accepted such an offer in accordance with their respective entitlements.

### Authority to Allot Shares

17. That, in substitution for all existing authorities, the directors be and are generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (“**CA 2006**”) to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company (“**Rights**”):
  - (a) up to an aggregate nominal amount of £175,600 (representing 17,560,000 ordinary shares, which represents approximately one-third of the Company’s issued ordinary share capital as at 28 April 2017); and
  - (b) in addition to the amount referred to in paragraph (a) above, up to an aggregate nominal amount of £175,600 (representing 17,560,000 ordinary shares, which represents approximately one-third of the Company’s issued ordinary share capital as at 28 April 2017) in relation to an allotment of equity securities (within the meaning of section 560(1) of CA 2006) in connection with a rights issue to:
    - (i) holders of ordinary shares made in proportion (as nearly as practicable) to their respective existing holdings of ordinary shares; and
    - (ii) holders of other equity securities of any class if this is required by the rights attaching to those securities or, if the directors consider it necessary, as permitted by the rights attaching to those securities,

subject to the directors having a right to make such exclusions or other arrangements as they consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems arising in, or under the laws of, any territory or any other matter,

for a period expiring at the conclusion of the Company's next Annual General Meeting (or at close of business on 5 August 2018, if earlier) save that the Company may before the expiry of this authority make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares and grant Rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

The following resolutions 18 to 21 will be proposed as special resolutions.

### Dis-application of Pre-emption rights

18. That, subject to the passing of resolution 17 set out in the notice of Annual General Meeting of which this resolution forms part, the directors be and are empowered pursuant to sections 570 and 573 of the CA 2006 to allot equity securities (within the meaning of section 560(1) of CA 2006) for cash pursuant to the authority conferred by resolution 17, and/or to sell treasury shares, as if section 561 of CA 2006 did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to:
- (a) an allotment of equity securities in connection with an offer of securities (but in the case of an authority conferred by paragraph (b) of resolution 17 by way of a rights issue only), open for acceptance for a period fixed by the directors, to holders of ordinary shares made in proportion (as nearly as practicable) to their respective existing holdings of ordinary shares held by them on the relevant record date (and holders of other equity securities of any class if this is required by the rights attaching to these securities or, if the directors consider it necessary, as permitted by the rights attaching to those securities), but subject to the directors having a right to make such exclusions or other arrangements as they consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems arising in, or under the laws of, any territory or any other matter; and
  - (b) the allotment of equity securities for cash or sale of treasury shares (otherwise than pursuant to (a) above) having, in the case of ordinary shares, a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having a nominal amount not exceeding, in aggregate, £26,341 (representing 2,634,100 ordinary shares, which represents 5% of the Company's issued ordinary share capital as at 28 April 2017),

provided that the powers conferred by this resolution 18 will expire at the Company's next Annual General Meeting (or at close of business on 5 August 2018 if earlier) save that, in each case, the Company may, before the expiry of such powers, make an offer or agreement which would or might require equity securities to be allotted and/or treasury shares to be sold after such authority expires and the directors may allot equity securities and/or sell treasury shares in pursuance of such offer or agreement as if the powers conferred by this resolution 18 had not expired.

19. That, subject to the passing of resolutions 17 and 18 set out in the notice of Annual General Meeting of which this resolution forms part, the directors be and are empowered, in addition to any authority granted under resolution 18, pursuant to sections 570 and 573 of the CA 2006 to allot equity securities (within the meaning of section 560(1) of CA 2006) for cash pursuant to the authority conferred by resolution 17, and/or to sell treasury shares, as if section 561 of CA 2006 did not apply to any such allotment or sale, provided that the power conferred by this paragraph of this resolution shall be:

- (a) limited to the allotment of equity securities for cash, or sale of treasury shares, having, in the case of ordinary shares, a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having a nominal amount not exceeding in aggregate £26,341 (representing 2,634,100 ordinary shares, which represents 5% of the Company's issued ordinary share capital as at 28 April 2017); and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

provided that the powers conferred by this resolution 19 will expire at the Company's next Annual General Meeting (or at close of business on 5 August 2018, if earlier) save that, in each case, the Company may before the expiry of such powers make an offer or agreement which would or might require equity securities to be allotted and/or treasury shares to be sold after such authority expires and the directors may allot equity securities and/or sell treasury shares in pursuance of such offer or agreement as if the powers conferred by this resolution 19 had not expired.

### Authority to Purchase Own Shares

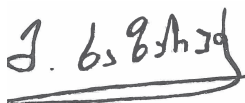
20. That the Company be and is generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the CA 2006) of ordinary shares of £0.01 each in the capital of the Company, on such terms and in such manner as the directors may from time to time determine, provided that:
- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 5,268,200 (representing approximately than 10 per cent. of the issued ordinary share capital of the Company as at 28 April 2017);
  - (b) the minimum price (exclusive of all expenses) which may be paid for an ordinary share is £0.01;
  - (c) the maximum price (exclusive of all expenses) which may be paid for an ordinary share is an amount equal to the higher of:
    - (i) 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and

- (iii) the higher of the price of the last independent trade of an ordinary share and the highest current independent purchase bid for an ordinary share on the London Stock Exchange at the time the purchase is carried out; and
- (d) the authority conferred by this resolution shall, unless varied, revoked or renewed prior to such time, expire at the conclusion of the next Annual General Meeting of the Company (or at close of business on 5 August 2018, if earlier) save that the Company may before the expiry of this authority make a contract to purchase ordinary shares which will or might be executed wholly or partly after the expiry of this authority and may make a purchase of ordinary shares in pursuance of such contract as if the authority conferred by this resolution had not expired.

### Notice for General Meetings

21. That the Company may call General Meetings other than Annual General Meetings on not less than 14 clear days' notice.

By order of the Board



**Mamuka Khazaradze**  
**Chairman**

3 May 2017

TBC Bank Group PLC  
5th Floor 6  
St. Andrew Street  
London  
United Kingdom  
EC4A 3AE

### Report and Accounts: Resolution 1

Under resolution 1, the Company's annual accounts for the year ended 31 December 2016, together with the directors' report, the strategic report, the directors' remuneration report and the auditor's report (the **"2016 Annual Report and Accounts"**) are received. As a shareholder, you will have received the 2016 Annual Report and Accounts either as a hard copy or via our website ([www.tbcbankgroup.com](http://www.tbcbankgroup.com)). Further copies will be available at the Annual General Meeting.

### Directors' Remuneration: Resolutions 2 and 3

These resolutions deal with the remuneration of the directors and seek a binding vote on the directors' remuneration policy and an advisory vote to approve the directors' remuneration report, as required by sections 439 to 440 of the CA 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

Resolution 2 invites shareholders to cast their binding vote on the directors' remuneration policy set out on pages 117 to 120 of the 2016 Annual Report and Accounts. If passed, the directors will only be permitted to make remuneration payments in accordance with the approved policy.

By way of further clarification, the Board wishes to emphasise that the current one-year performance-based incentive plan is consistent with arrangements of comparable internationally-listed Georgian companies. Pursuant to this plan, a significant proportion of total remuneration is comprised of deferred salary shares and the potential to earn deferred share bonus awards, which ensures that our executives' interests are closely aligned with shareholders, with 80% of such compensation having a three year vesting period.

Notwithstanding the above, following the Company's recent premium listing the Board intends to further review the policy and to seek approval for a revised policy at the Annual General Meeting in 2018. The Remuneration Committee continuously strives to ensure strong alignment of the executive remuneration structure with long-term shareholder interests. The new policy would seek to further enhance the Company's approach to remuneration in accordance with best practice and institutional investor guidelines for FTSE 350 companies (notwithstanding that the Company is not currently a member of that index). In particular, it is intended that, in addition to other changes, the revised policy will reflect the following amendments:

- a) that the current share award arrangements would be replaced with a revised form of incentive arrangement (such as, options or other arrangements that may be more tax efficient) (and that the tax gross-up arrangements provided for in respect of the share awards and other remuneration would not be replicated in relation to such new arrangements);
- b) that the flexibility for retirement pensions be made available to the Chairman and Deputy Chairman would be removed (for the avoidance of doubt, the Company does not intend to provide such pensions);
- c) the notice provisions in the service agreements of executive directors be subject to a formal maximum limit of one year (for the avoidance of doubt, in any case, the notice provisions of the executive directors are currently less than one year in all cases); and
- d) as part of this review of the remuneration policy for executive directors, the Board is considering the implementation of shareholding requirements.

Renewal of this authority will be sought at the Annual General Meeting each year, unless the approved policy remains unchanged, in which case, the Company will propose a similar resolution at least every three years.

Resolution 3 seeks approval for the directors' remuneration report for the year ended 31 December 2016, excluding the part of the report which sets out the directors' remuneration policy. This resolution is advisory in nature and, as such, it does not affect the actual remuneration paid to any director. The directors' remuneration report is set out on pages 108 to 123 of the 2016 Annual Report and Accounts.

### Final Dividend: Resolution 4

A final dividend may only be paid after it has been approved by shareholders. The Board recommends a final dividend for the year ended 31 December 2016 of GEL 1.42 per ordinary share of the Company payable in British Pounds Sterling at the official exchange rate of the National Bank of Georgia for 15 June 2017. Subject to approval by shareholders, the final dividend will be paid on 14 July 2017 to shareholders on the register at the close of business at 6:00 pm (London time) on 9 June 2017.

### Re-election of Directors: Resolutions 5 to 13

In accordance with the UK Corporate Governance Code, all of the directors of the Company will stand for reappointment at the Annual General Meeting.

The Company has seven (7) non-executive directors, five (5) of whom are determined by the Board to be independent directors in accordance with the criteria set out in the UK Corporate Governance Code. The Board considers that their skills, experience, independence and knowledge of the Company enable them to discharge their respective duties and responsibilities effectively. In particular, the Board is satisfied that Nicholas Haag has the recent and relevant financial experience required by the UK Corporate Governance Code to fulfil his responsibilities as a designated financial expert on the audit committee. In relation to the re-election of the non-executive directors Mamuka Khazaradze, Badri Japaridze, Nikoloz Enukidze, Stefano Marsaglia, Nicholas Haag, Eric Rajendra and Stephan Wilcke, the Board confirms, following formal evaluation by the Company, that their performance continues to be effective and that they continue to demonstrate commitment to their roles. In addition to an annual formal evaluation by the Company, the Board's performance evaluation will be externally facilitated at least every three years in accordance with UK Corporate Governance Code and best market practice.

Biographical details of each of the directors standing for re-election can be found on pages 97 to 99 of the 2016 Annual Report and Accounts.

### Appointment of Auditor: Resolution 14

At each general meeting of the Company at which the accounts are laid before the members, the Company is required to appoint an auditor to serve until the next such meeting. Resolution 14 seeks approval for the appointment of PricewaterhouseCoopers LLP as auditor of the Company until the conclusion of the Annual General Meeting in 2018. During the year, the audit committee undertook a review of PricewaterhouseCoopers LLP's independence and objectivity and of the effectiveness of the audit process, following which the audit committee recommended the re-appointment of PricewaterhouseCoopers LLP to the Board, for the Board to put to shareholders for approval.

### Remuneration of Auditor: Resolution 15

Resolution 15 seeks authorisation for the Board to determine the remuneration of the Company's auditor.

### Proposed Scrip Dividend Scheme: Resolution 16

The directors are proposing that the Company operate an optional scrip dividend scheme to commence with the proposed final dividend for the year ended 31 December 2016 which is payable on 14 July 2017 (the **"Scrip Dividend Scheme"**). The Scrip Dividend Scheme gives shareholders the right to elect to receive new ordinary shares



in the capital of the Company (credited as fully paid) instead of cash. The directors believe that the offer of the Scrip Dividend Scheme is advantageous and allows shareholders to increase their shareholding in the Company in a simple manner without paying dealing costs or stamp duty. The Scrip Dividend Scheme also gives the Company greater flexibility in managing its capital resources by retaining cash within the business. The Scrip Dividend Scheme is subject to shareholder approval. In line with relevant investor protection guidelines, the authority contained in Resolution 16 is sought for three years, and will therefore expire on the day of the Annual General Meeting to be held in 2020. **Even if you do not intend to participate in the Scrip Dividend Scheme, we would urge you to vote in favour of the resolution to be proposed at the Annual General Meeting as, for the reasons set out above, the Directors believe that the Scrip Dividend Scheme will be beneficial to the Company and its shareholders.**

Details of how the Scheme Dividend Scheme operates are explained in the Terms and Conditions which forms part of this document, and can also be found on the Company's website [www.tbcbankgroup.com](http://www.tbcbankgroup.com). If approved, the Scrip Dividend Scheme will continue to allow existing participants to receive ordinary shares for every cash dividend entitlement where the scrip alternative is offered, unless and until they notify the Company otherwise. Shareholders who wish to participate in the Scrip Dividend Scheme will need to complete a Scrip Dividend Mandate Form in accordance with the Terms and Conditions. Shareholders who hold their ordinary shares in CREST can only participate in the Scrip Dividend Scheme by use of the CREST Dividend Election Input Message; they must complete a Dividend Election Input Message on each occasion the Scrip alternative is offered otherwise any dividend entitlement will be paid in cash.

The number of New Shares that shareholders will be entitled to receive under the Scrip Dividend Scheme will be calculated by reference to the amount of the cash dividend, the number of shares held and the Scrip Reference Share Price. **The Scrip Reference Share Price** is the average of the closing middle market quotations for the Company's shares over five dealing days commencing on the ex-dividend date for each dividend. In accordance with the Articles of Association of the Company, approval is sought to capitalise sums standing to the credit of the reserves of the Company, including the share premium account. This would enable the Directors to apply such sums in paying up in full the nominal amounts of New Shares allotted to shareholders pursuant to the elections under the Scrip Dividend Scheme.

If approved by shareholders, the Scrip Dividend Scheme will operate for the final dividend of GEL 1.42 per share for the year ended 31 December 2016, payable on 14 July 2017. An expected timetable of events in relation to the final dividend for the year ended 31 December 2016 is set out below.

Scrip Dividend timetable for the final dividend for the year ended 31 December 2016:

|                   |   |
|-------------------|---|
| 8 June 2017       | Ex-dividend date  |
| 9 June 2017       | Record date   |
| 8 to 14 June 2017 | Scrip Reference Share Price calculation period                |
| 15 June 2017      | Scrip Reference Share Price and currency conversion announced |
| 23 June 2017      | Last date for receipt of Scrip elections                      |
| 14 July 2017      | Dividend payment/issue of New Shares                          |

If every shareholder elects to participate in the Scrip Dividend Scheme for their entire holding, based on the proposed final dividend of GEL 1.42 per ordinary share, an indicative Scrip Reference Share Price of 1625 pence (closing price on 28 April 2017) and an indicative GEL/GBP exchange rate of 3.1939 (the official exchange rate of the National Bank of Georgia for 28 April 2017), the maximum number of ordinary shares that could be awarded would be 1,441,395 representing approximately 2.7% of the issued share capital of the company as at 28 April 2017.

If no elections for the Scrip Dividend Scheme are received, based on the proposed final dividend of GEL 1.42 per ordinary share and an indicative GEL/GBP exchange rate of 3.1939 (the official exchange rate of the National Bank of Georgia for 28 April 2017), the total cash dividend payable to shareholders will be £23,422,661.

### Authority to Allot Shares: Resolution 17

There is no statutory limit on the maximum nominal amount of the section 551 allotment authority under the CA 2006 but, under the Investment Association's guidelines (the "IA Guidelines"), Investment Association members will regard as routine resolutions seeking authority to allot shares representing up to two-thirds of the Company's existing issued share capital, providing any amount in excess of one-third of existing issued shares should be applied to fully pre-emptive rights issues only.

In light of the IA Guidelines, the Board considers it appropriate that the directors be granted authority to allot shares in the capital of the Company up to a maximum nominal amount of £351,200, being 35,120,000 ordinary shares of £0.01 each. This represents two-thirds of the Company's issued ordinary share capital (excluding treasury shares) as at 28 April 2017, being the latest practicable date prior to publication of this circular. In accordance with the IA Guidelines, a maximum nominal amount of £175,600, being 17,560,000 ordinary shares of £0.01 each, representing one-third of the Company's issued ordinary share capital (excluding treasury shares) as at 28 April 2017, being the latest practicable date prior to publication of this circular, can only be allotted pursuant to a fully pre-emptive rights issue.

The authority sought under resolution 17 will expire at the end of the Company's Annual General Meeting in 2018 or at close of business on 5 August 2018, if earlier.

The directors have no present intention to exercise these authorities but consider it prudent to obtain the flexibility that this authority provides.

### Dis-application of Pre-emption Rights: Resolutions 18 and 19

Under section 561 of the CA 2006, if the directors wish to allot any equity securities for cash, or sell any treasury shares, (other than in connection with an employee share plan), they must, in the first instance, offer them to existing shareholders in proportion to their holdings (a "pre-emptive offer"). There may be occasions, however, when the directors need the flexibility to allot shares for cash, or sell treasury shares, without a pre-emptive offer, which can be done under CA 2006 if the shareholders have first waived their pre-emption rights by special resolution.

Resolutions 18 and 19 will allow the directors to allot equity securities for cash pursuant to the authority granted by resolution 18, and/or sell treasury shares, as if section 561 CA 2006 did not apply in certain circumstances.

Under resolution 18, the Directors will be authorised to allot equity securities for cash, and/or sell treasury shares, up to a maximum nominal amount of £26,341, being 2,634,100 ordinary shares representing approximately 5 per cent. of the Company's issued ordinary share capital (excluding treasury shares) as at 28 April 2017, being the latest practicable date prior to publication of this circular.

Resolution 19 extends the directors' authority under resolution 18 to allot equity securities for cash, or sell treasury shares, up to a further a maximum nominal amount of £26,341, bringing the combined authority under resolutions 18 and 19 to an aggregate nominal value of £52,682 (5,268,200 ordinary shares), representing approximately 10% of the Company's issued share capital as at 28 April 2017 being the latest practicable date prior to publication of this circular.

Resolutions 18 and 19 are in line with guidance issued by the Investment Association (as updated in July 2016) and the Pre-Emption

Group's Statement of Principles (as updated in March 2015) (the "**Statement of Principles**"), and the template resolutions published by the Pre-Emption Group in May 2016.

In compliance with the Statement of Principles, the Directors confirm that they will not allot equity securities for cash, and/or sell treasury shares, on a non-pre-emptive basis pursuant to the authority in Resolution 19 other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the issue or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

In addition, the Directors also confirm that in accordance with the Statement of Principles, they do not intend to allot equity securities for cash, and/or sell treasury shares, representing more than 7.5% of the Company's issued ordinary share capital in any rolling three-year period other than to existing shareholders, save as permitted in connection with an acquisition or specified capital investment as described above, unless shareholders have been notified and consulted in advance.

The authorities sought under resolutions 18 and 19 will expire at the end of the Company's Annual General Meeting in 2018, or at close of business on 5 June 2018, if earlier.

The Directors have no present intention to exercise the authority conferred by this resolution.

### **Authority to Purchase Own Shares: Resolution 20**

Under the CA 2006, the Company requires authorisation from shareholders if it is to purchase its own shares. Resolution 20 authorises the Company to make market purchases of up to 5,268,200 of its own ordinary shares, representing approximately 10 per cent. of the Company's issued ordinary share capital as at 28 April 2017, being the latest practicable date prior to publication of this circular. The resolution specifies the minimum and maximum prices at which the ordinary shares may be bought under this authority.

The directors have no present intention of exercising the authority granted by this resolution 20, but the authority provides the flexibility to allow them to do so in the future. The authority will be exercised only if the directors believe that to do so would be likely to promote the success of the Company for the benefit of its shareholders as a whole and would result in an increase in the earnings per share. Any shares purchased may either be cancelled or held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its employee share schemes. No dividends are paid on shares held as treasury shares nor do they have voting rights. There is no statutory limit on the percentage of share capital that the Company is permitted to hold as treasury shares. However, in keeping with the Investment Association's guidelines, the Company will continue to limit the number of shares that it will hold as treasury shares to no more than 10 per cent. of its issued share capital.

The authority sought under resolution 20 will expire at the end of the Company's Annual General Meeting in 2018, or at close of business on 5 August 2018, if earlier.

### **Notice for General Meetings: Resolution 21**

The CA 2006 requires listed companies to provide shareholders with 21 clear days' notice of any general meeting unless the shareholders have approved the calling of general meetings on shorter notice, which cannot in any event be less than 14 clear days. Companies must also offer shareholders a facility to vote by electronic means in order to be permitted to call meetings on shorter notice. The notice period for an Annual General Meeting cannot be reduced in this way.

While the Directors do not intend calling general meetings on short notice as a matter of routine, enabling the Board to call general meetings on 14 clear days' notice would provide flexibility where that was merited by the business of the relevant meeting taking into account the circumstances, including where the business of the meeting is time sensitive and is thought to be to the advantage of the shareholders as a whole.

Resolution 21 will expire at the end of the Company's Annual General Meeting in 2018.

## Entitlement to attend and vote

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6:30 pm on 1 June 2017 (or, in the event of any adjournment, at 6:30 pm on the day two business days prior before the time of the adjourned meeting). Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

## Appointment of proxies

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote on their behalf at the Annual General Meeting. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company, but must attend the Annual General Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to represent you. Your proxy must vote as you instruct and must attend the Annual General Meeting for your vote to be counted. Appointing a proxy does not preclude you from attending the Annual General Meeting and voting in person.

To be valid, the appointment of a proxy must be done by either returning a form of proxy or by one of the electronic methods described in the form of proxy. To be valid, a form of proxy must be received at the offices of Equiniti not less than 48 hours (excluding non-working days) before the time appointed for holding the Annual General Meeting.

## Nominated Persons

A person who has been nominated under s.146 CA 2006 to enjoy information rights (a **"Nominated Person"**) may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed, or to have someone else appointed, as a proxy of such member for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

The statement of the rights of members to appoint proxies in the paragraph headed "Appointment of proxies" above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members.

## Appointment of proxy through CREST

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting (and any adjournment thereof) by following the procedures described in the CREST Manual available on the Euroclear website ([www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a **"CREST Proxy Instruction"**) must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to an instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the Company's agent, Equiniti Limited (ID

number RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by CREST Applications Host) from which Equiniti Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## Changing proxy instructions

To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the Form of Proxy and would like to change the instructions using another Form of Proxy, please contact Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA. The deadline for receipt of proxy appointments (see the paragraph headed "Appointment of proxies" above) also applies in relation to amended instructions. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, those received last by Equiniti will take precedence.

## Appointing a corporate representative

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all its powers as a member provided that if it is appointing more than one corporate representative, it does not do so in relation to the same shares.

## Issued capital and voting rights

As at 6:00pm on 28 April 2017 (being the latest practicable date prior to publication of this notice), the Company's issued share capital comprised 52,682,843 ordinary shares carrying one vote each including ordinary shares held as treasury shares. As at such date, the Company held 0 ordinary shares as treasury shares. Therefore, the total number of voting rights in the Company as at 28 April 2017 is 52,682,843.

## Right to publish a statement about the auditor

Under s.527 CA 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

- the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or
- any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with s.437 CA 2006.



The Company may not require the members requesting any such website publication to pay its expenses in complying with ss527 or 528 (requirements as to website availability) CA 2006. Where the Company is required to place a statement on a website under s.527 CA 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under s.527 CA 2006 to publish on a website.

### **Right to ask questions at the AGM**

Any member (or their appointed proxy) attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Annual General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

### **Availability of a copy of this notice**

A copy of this notice, and other information required by s.311A of the CA2006, can be found at [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

You may not use any electronic address provided either in this notice of AGM or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

### **Directors**

Copies of each director's service contract or letter of appointment are available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) and will be available for inspection at the Annual General Meeting (for at least 15 minutes prior to and during the Annual General Meeting).

# Terms and Conditions of the TBC Bank Group's Scrip Dividend Scheme

*This document is important. If you are in any doubt as to the action you should take, you should seek your own advice from an independent professional adviser.*

*The meanings of various defined terms used in these Terms and Conditions are set out below.*

## 1. What is the TBC Bank Group Scrip Dividend Scheme?

The TBC Bank Group Scrip Dividend Scheme (defined in the definitions schedule) is a scheme designed to enable Shareholders of the Company to receive New Shares instead of cash dividends. This enables Shareholders to increase their shareholdings in the Company without incurring dealing costs or stamp duty. However, shareholders should bear in mind that the price of the New Shares can go down as well as up, and whether shareholders elect to participate in the Scrip Dividend Scheme is their own decision depending on their individual circumstances. If shareholders are in any doubt as to the action they should take, shareholders are advised to consult their independent professional adviser.

The terms and conditions for the Scrip Dividend Scheme are set out below (the "**Terms and Conditions**").

The Scrip Dividend Scheme is subject to shareholder approval, which is being sought for a period of three years, after which the authority will expire if not renewed.

Conditions to the Scrip Dividend Scheme:

The allotment and issue of New Shares pursuant to the Scrip Dividend Scheme is, at all times, conditional upon:

- (a) all authorities in respect thereof being in full force and effect, including the passing of any resolution of the Company required by law, regulations or the Company's Articles of Association; and
- (b) the admission to the Official List of the United Kingdom Listing Authority and to trading on the Main Market of the London Stock Exchange of such New Shares.

If, for any reason, these conditions are not satisfied such that the Company cannot allot and issue New Shares pursuant to the Scrip Dividend Scheme in respect of any dividend, participants will receive cash (as opposed to New Shares) in respect of that dividend.

## 2. Who can join the Scrip Dividend Scheme?

All UK shareholders can join the Scrip Dividend Scheme. Overseas Shareholders may be eligible to participate. Please refer to Question 14.

## 3. How do I join the Scrip Dividend Scheme?

You can join the Scrip Dividend Scheme by completing a Scrip Dividend Mandate Form (which may be amended from time to time) and sending it to Equiniti at the address given at Question 20. A Scrip Dividend Mandate Form may be obtained from the Company's website [www.tbcbankgroup.com](http://www.tbcbankgroup.com) or upon request from Equiniti.

Scrip Dividend Mandate Forms (hard copy) must be received by Equiniti no later than 4:30 pm (UK time) on 23 June 2017 to be eligible to receive New Shares instead of cash for that, and subsequent, dividends. Forms received after that time will not be accepted for the dividend due to be paid on 14 July 2017, but will be accepted in respect of any subsequent dividends. Please note that no acknowledgement of receipt of Scrip Dividend Mandate Forms will be issued.

Shareholders who hold their Ordinary Shares in CREST can only elect to receive dividends in the form of New Shares by use of the CREST Dividend Election Input Message. Any Scrip Dividend Mandate Forms or other forms of instruction received from CREST holders will not be accepted and will be ignored. For further details please refer to Question 4.

**If you wish to receive dividends in cash in the usual way you need take no further action and should not complete or return a Scrip Dividend Mandate Form.**

## 4. What if my Ordinary Shares are held in CREST?

If your shareholding is in uncertificated form in CREST (and was in uncertificated form as at the relevant record date), you can only elect to receive your dividend in the form of New Shares by means of the CREST procedure to effect such an election. No other method of election will be permitted under the Scrip Dividend Scheme and will be rejected. CREST shareholders, by effecting their elections by means of the CREST procedure, will be taken to have confirmed their election to participate on that occasion in the Scrip Dividend Scheme and to have confirmed their acceptance of these Terms and Conditions, as amended from time to time.

If you are a CREST sponsored member, you should consult your CREST sponsor, who will be able to take appropriate action on your behalf. All elections made via the CREST system should be submitted using the Dividend Election Input Message in accordance with the procedures as stated in the CREST Reference Manual.

The Dividend Election Input Message submitted must contain the number of shares on which the election is being made. If the relevant field is left blank or completed with zero, the election will be rejected. If you enter a number of shares greater than the holding in CREST on the relevant record date, the election will be applied to your total holding as at the relevant record date for the dividend. Evergreen elections will not be permitted. If you wish to receive New Shares instead of cash in respect of future dividends for which a scrip dividend alternative is offered, you must complete a Dividend Election Input Message on each occasion otherwise you will receive your dividend in cash. Elections via CREST should be received by CREST no later than 4:30 pm (UK time) on 23 June 2017.

Elections via CREST for any future final dividends should be received by CREST no later than a date to be specified by the Company in relation to each dividend. The Company makes no commitment to offer a scrip dividend in the future. The merits of any future scrip dividend would be considered by the Board at the relevant time.

Once an election is made using the CREST Dividend Election Input Message it cannot be amended. Therefore, if a CREST shareholder wishes to change or cancel their election, such CREST shareholder would need to cancel their previous election and, if they want to make a new election (rather than just cancelling their previous election) submit a new election no later than the date specified by the Company as the last date for making such elections in relation to the relevant dividend.

## 5. How many New Shares will I receive under the Scrip Dividend Scheme?

Your entitlement to New Shares is calculated by taking the amount of cash dividend to which you are entitled and dividing it by the Scrip Reference Share Price. The Scrip Reference Share Price is the average of the closing middle market quotations for the Company's Ordinary Shares, as derived from the London Stock Exchange Daily Official List, for the five dealing days commencing on the relevant ex-dividend date. Details of the Scrip Reference Share Price will be announced on the London Stock Exchange and posted on the Company's website [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

The formula which will be used is as follows:

$$\begin{array}{c}
 \text{Number of Ordinary Shares held at the relevant dividend} \\
 \textbf{multiplied by} \\
 \text{the cash dividend rate} \\
 \textbf{added to} \\
 \text{any fractional cash entitlement carried forward from last dividend} \\
 \textbf{divided by} \\
 \text{the Scrip Reference Share Price}
 \end{array}$$

See example below:

### Example

|                                  |            |
|----------------------------------|------------|
| Number of Ordinary Shares held   | 1,000      |
| Dividend paid per Ordinary Share | 44 pence   |
| Scrip Reference Share Price      | 1625 pence |

### Step 1 – calculate maximum cash available

|  |   |
|--|---|
| Cash dividend                              | $1,000 \times 44 \text{ pence} = \text{£}440$ |
| Plus residual cash balance brought forward | £0  |

### Step 2 – calculate number of new shares to be issued

|  |  |
|--|--|
| Maximum cash available (step 1) divided by the Scrip Reference Share Price                         | $\text{£}440 \div 1625 \text{ pence} = 27 \text{ shares (rounded down)}$ |
| Value of New Shares to be acquired (number of share multiplied by the Scrip Reference Share Price) | $27 \times 1625 \text{ pence} = \text{£}438.75$                          |

### Step 3 – calculate residual cash balance carried forward

|   |       |
|---|-------|
| Maximum cash available (step 1) less value of New Shares (step 2) | £1.25 |
|---|-------|

### Note:

The Scrip Reference Share Price used in this example is the closing price on 28 April 2017. The cash dividend value of GEL 1,42 has been converted into pounds sterling at the official exchange rate of National Bank of Georgia for 28 April 2017 and rounded down to the nearest whole penny. Both the share price and exchange rate in this example are included for illustrative purposes only. The Scrip Reference Share Price will be calculated according to the Terms and Conditions of the Scrip Dividend Scheme. The applicable exchange rate (if relevant) will be that of the National Bank of Georgia on the date to be announced by the Company.

## 6. What will happen with any Scrip Dividend Scheme cash balance?

No fraction of a New Share will be allotted and calculation of entitlement to New Shares will always be rounded down to the nearest whole share. Any residual cash balance will be carried forward to the next Scrip Dividend. No interest will be paid on any residual cash balances.

If you withdraw from the Scrip Dividend Scheme or sell or transfer your entire holding of Ordinary Shares, or if the Company terminates the Scrip Dividend Scheme, any residual cash balance will be paid to a charity of the Company's choice.

## 7. How will I know how many New Shares I have received?

You will receive a statement, along with your New Share certificate, showing the number of New Shares allotted, the relevant Scrip Reference Share Price and the total cash equivalent of the New Shares for tax purposes. If your cash dividend entitlement is insufficient to acquire at least one New Share, it will be carried forward to the next Scrip Dividend and your statement will explain that no New Shares have been issued.

CREST holders will have their member accounts credited directly with the New Shares on the dividend payment date or as soon as practicable thereafter and will separately receive a statement showing the number of New Shares allotted, the relevant Scrip Reference Share Price and the total cash equivalent of the New Shares for tax purposes.

## 8. Will I have to apply again for the Scrip Dividend Scheme for the next dividend?

No. Your completed Scrip Dividend Mandate Form will apply for all future dividends for which a Scrip Dividend is offered unless the mandate is cancelled in accordance with these Terms and Conditions.

Shareholders holding via CREST will, however, need to elect for each dividend by means of the Dividend Election Input Message on each occasion, otherwise a cash dividend will be paid.

## 9. Will my new Scrip Dividend Shares be included in the next dividend?

Provided you continue to hold them at the relevant dividend record date, all New Shares will automatically increase your total Company shareholding and they will be included in your next Scrip Dividend calculation (see question 5).

## 10. Will my New Shares under the Scrip Dividend Scheme have the same rights as my existing Ordinary Shares?

Yes. The New Ordinary Shares will carry the same voting rights as your existing Ordinary Shares, will rank equally in all respects with the existing Ordinary Shares and will qualify for all future dividends.

## 11. When will I receive my share certificate?

Subject to the New Shares being admitted to the Official List of the United Kingdom Listing Authority, and to trading on the London Stock Exchange, your New Share certificate will be posted to you, at your own risk, to arrive on the same date as the cash dividend is paid.

## 12. Does the Scrip Dividend Scheme apply to Ordinary Shares held in joint names?

Yes. The Scrip Dividend Scheme will apply to shareholding accounts in joint names, so long as all joint holders have signed the Scrip Dividend Mandate Form.

## 13. Can I complete a Scrip Dividend Mandate Form for part of my holding?

No. Scrip Dividend Mandate Forms will only be accepted in relation to your entire shareholding. However see Question 16 for details of separate shareholding accounts. In addition, the Directors may, at their discretion, allow Shareholders to elect in respect of part of their shareholding where they are acting on behalf of more than one beneficial holder. For nominee shareholdings held in CREST, the CREST Dividend Election Input Message must contain the number of Ordinary Shares for which the election is being made. Such mandate must be received for each relevant dividend.

## 14. Can overseas shareholders join the Scrip Dividend Scheme?

Yes. If you are a resident outside the UK you may treat this as an invitation to receive New Shares unless such an invitation could not lawfully be made to you without any further obligation on the part of the Company or in compliance with any registration or other legal requirements. It is the responsibility of any person resident outside the UK wishing to elect to receive New Shares to be satisfied as to full observance of the laws of the relevant territory, including obtaining any government or other consents which may be required and observing any other formalities in such territories.

## 15. What happens if I sell/buy shares after I complete a Scrip Dividend Mandate Form?

If you sell some of your Ordinary Shares before a record date for a dividend, the Scrip Dividend Scheme will apply to the remainder of your Ordinary Shares.

If you buy any additional Ordinary Shares after a record date, these additional shares will not be eligible to receive the cash dividend or New Shares. If your Ordinary Shares are not registered in the same way, you may request your shareholding accounts to be amalgamated and/or you may complete a new Scrip Dividend Mandate Form in respect of your new shareholding.

## 16. What happens if I have more than one holding?

Holding shares in different accounts is a means by which you may select different preferences for dividend payments. For example if, for any reason, shares are registered in more than one shareholder account, then unless such multiple accounts are consolidated, they will be treated as separate. As a result separate Scrip Dividend Mandate Forms will need to be completed (and received by Equiniti as set out at Question 3) for each shareholder account in order to participate in the Scrip Dividend Scheme for that shareholder account. For the avoidance of doubt, dividends will be paid in cash for any shareholder accounts for which a Scrip Dividend Mandate Form has not been validly received by Equiniti.

## 17. Can I cancel my instructions?

Yes, you may cancel your mandate at any time. However notice of cancellation must be given in writing to Equiniti no later than 15 working days prior to the date the dividend is declared to be paid. Shareholders holding through the CREST system can only cancel their mandate via the CREST system (see Question 4 above). If a mandate has been cancelled in accordance with this Question 17 Shareholders will receive cash for that dividend and subsequent dividends. A notice of cancellation will take effect upon its receipt and process by Equiniti in respect of all dividends payable after the date of receipt and process of such notice.

Your mandate will be deemed to be cancelled if you sell or otherwise transfer the Ordinary Shares to which your mandate relates to another person but only with effect from the registration of the relevant transfer. Your mandate will also terminate immediately on receipt of notice of

your death or notice of your insolvency or your inability to maintain your financial affairs due to mental incapacity.

If a joint Shareholder dies, the mandate will continue in favour of the surviving joint Shareholder(s) (unless and until cancelled by the surviving joint Shareholder(s)). Funds representing residual cash balances will, on cancellation of your mandate, be paid to a charity of the Company's choice.

## 18. Can the Company change or cancel the Scrip Dividend Scheme?

Yes. The Scrip Dividend Scheme may be modified, suspended, terminated or cancelled at any time at the discretion of the Directors without notice to Shareholders individually. In the case of any modification, existing mandates (unless otherwise specified by the Directors) will be deemed to remain valid under the modified arrangements unless and until Equiniti receive and process a cancellation in writing from you. The operation of the Scrip Dividend Scheme is always subject to the Directors' decision to make an offer of New Shares in respect of any particular dividend. The Directors also have the power, after such an offer is made, to revoke the offer generally at any time prior to the allotment of the New Shares under the Scrip Dividend Scheme. This may, in particular, be exercised if 20 business days prior to the dividend payment date, the price of an Ordinary Share of the Company has fallen 15% or more below the Scrip Reference Share Price used to calculate Shareholders' entitlements. If the Directors revoke an offer, Shareholders will receive their dividends in cash on or as soon as possible after the dividend payment date. An announcement of any cancellation or modification to the Terms and Conditions will be made on our website at [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

The Company also reserves the right to reduce the number of New Shares issued to an electing Shareholder in respect of the Scrip Dividend Scheme if the issue of such Shareholder's full allocation of New Shares would result in that Shareholder (individually or together with any associates or Shareholders deemed to be acting in concert with such Shareholder) having an interest in the Company that would ordinarily require the Shareholder (or group of Shareholders) to make a mandatory cash offer for the Company pursuant to Rule 9 of the UK City Code on Takeovers and Mergers. In such circumstances, the Shareholder will receive the balance of its entitlement as a cash dividend.

If, for any reason, all authorities relating to the Scrip Dividend Scheme (including, for the avoidance of doubt, approval of Ordinary Resolution 17 at the AGM) are not satisfied such that the Company cannot allot and issue New Shares pursuant to the Scrip Dividend Scheme in respect of any dividend, participants will receive cash (as opposed to New Shares) in respect of that dividend.

## 19. Governing Law

The Scrip Dividend Scheme is subject to the Company's Articles of Association and is governed by and its terms are to be construed in accordance with the law of England and Wales. By electing to receive New Shares the Shareholder agrees to submit to the exclusive jurisdiction of the courts of England and Wales in relation to the Scrip Dividend Scheme.

## 20. What do I do if I have any questions?

If you have any questions about the procedure for election or on how to complete the Scrip Dividend Mandate Form, please contact Equiniti on 0371 384 2065 or +44 121 415 7088 from outside the UK. Lines are open 8:30 am to 5:30 pm (UK time) Monday to Friday (excluding public holidays in England and Wales). Calls may be recorded for security and training purposes. The helpline cannot provide advice on the merits of the Scrip Dividend Scheme nor give any personal financial, legal or tax advice. Additional Scrip Dividend Mandate Forms are available from

Equiniti on request, or online at the Company's website [www.tbcbankgroup.com](http://www.tbcbankgroup.com).

Scrip Dividend Mandate Forms should be returned to the following address:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA UK

Requests to withdraw from the Scrip Dividend Scheme should be submitted in writing to the same address stated above.

## 21. Taxation

The tax consequences of electing to receive New Shares in place of a cash dividend will depend on your individual circumstances. If you are not sure how you will be affected from a tax perspective, you should consult your solicitor, accountant or other professional adviser before taking any action. In particular, UK resident trustees, corporates, pension funds and other Shareholders, including overseas Shareholders, are advised to contact their professional advisers regarding their own tax circumstances in relation to the Scrip Dividend Scheme. Summary information on the Company's understanding of the UK tax consequences (under current UK legislation and the current practice of Her Majesty's Revenue and Customs ("HMRC")) for certain Shareholders of electing to receive New Shares is outlined, in broad terms, under the section headed Taxation below. This summary is not exhaustive.

## Definitions

**Articles of Association** means the Articles of Association of the Company as amended from time to time.

**Company** means TBC Bank Group plc.

**CREST** means the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI/3755)) in respect of which Euroclear UK & Ireland Limited is the operator.

**Directors** means the Directors of TBC Bank Group plc.

**Equiniti** means the Company's Registrar, and is a trading name of Equiniti Limited.

**London Stock Exchange** means the London Stock Exchange plc.

**New Shares** means new fully paid Ordinary Shares issued under the Scrip Dividend Scheme.

**Ordinary Shares** means Ordinary Shares of one penny each in the capital of the Company.

**The TBC Bank Group Scrip Dividend Scheme or the Scrip Dividend Scheme** means The TBC Bank Group Scrip Dividend Scheme as comprised under and subject to the terms and conditions contained in this document as amended from time to time.

**Scrip Dividend Mandate Form or mandate** means a mandate in a form (paper or online) provided by the Company from a Shareholder to the Directors to allot New Shares under the terms of the Scrip Dividend Scheme in lieu of a cash dividend to which they may become entitled from time to time.

**Scrip Reference Share Price** means the price of New Shares, calculated by reference to the average of the closing middle market quotations for the Company's Ordinary Shares, as derived from the London Stock Exchange Daily Official List, for the five dealing days commencing on the relevant ex-dividend date.

**Shareholder** means a holder of Ordinary Shares in the Company.

**UK or United Kingdom** means the United Kingdom of Great Britain and Northern Ireland.

**UKLA** means the United Kingdom Listing Authority.



## Taxation

The tax consequences of electing to receive New Shares in place of a cash dividend will depend on Shareholders' individual circumstances. If Shareholders are not sure how they will be affected from a tax perspective, they should consult their solicitor, accountant or other professional adviser before taking any action.

### United Kingdom taxation

The following statements are intended only as a general guide to certain UK tax considerations of making an election to receive New Shares instead of a cash dividend, and do not purport to be a complete analysis of all potential UK tax consequences of the Scrip Dividend Scheme. They are based on current UK legislation and what is understood to be the current practice of HMRC, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident and, in the case of individuals domiciled, for tax purposes in (and only in) the UK, who hold their Ordinary Shares as an investment (other than in an individual savings account or exempt pension arrangement) and who are the absolute beneficial owner of both the Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

**The statements summarise the current position and are intended as a general guide only. Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.**

### Withholding tax

The Company is not required to withhold tax when paying a dividend (whether in cash or in the form of New Shares). Liability to tax will depend on the individual circumstances of a Shareholder.

### Income tax

An individual Shareholder who elects to receive New Shares instead of a cash dividend will, broadly, have the same liability to income tax as the Shareholder would have had on the receipt of a cash dividend.

Specifically, an individual Shareholder who elects to receive New Shares instead of a cash dividend will be treated as having received income of an amount which is equal to the 'cash equivalent' of the New Shares.

The cash equivalent of the New Shares will be the amount of the cash dividend which the Shareholder would have received in the absence of an election to take New Shares, unless the difference between the cash dividend and market value of the New Shares on the first day of dealings on the London Stock Exchange equals 15% or more of that market value. In such cases, the market value will be treated as the cash equivalent of the New Shares for taxation purposes.

Where all or part of the cash dividend forgone is not applied in determining the number of New Shares to which the Shareholder is entitled, and this residual cash balance is carried forward, this should be excluded from the cash equivalent and the Shareholder should not be taxed on this amount unless and until it is paid to the Shareholder (in which case it will be treated as a dividend in the ordinary way) or applied towards the acquisition of New Shares (in which case the tax treatment will be as described below).

The income that a Shareholder is treated as having received will be treated as 'dividend income' for UK tax purposes, along with UK and non-UK source dividends and certain other distributions in respect of shares. A nil rate of tax applies to the first £5,000 of dividend income in any tax year (the 'nil rate band' which the UK Government announced in the Spring Budget 2017 will decrease to £2,000 with effect from 6 April 2018). An individual Shareholder who receives New Shares will therefore not be liable to UK tax to the extent that (taking account of any other dividend income received by the Shareholder in the same tax year) the cash equivalent falls within the nil rate band.

To the extent that (taking account of any other dividend income received by the Shareholder in the same tax year) the cash equivalent of the New Shares exceeds the nil rate band, it will be subject to income tax at 7.5% up to the threshold for higher rate income tax. To the extent that (taking account of other dividend income received in the same tax year) it falls above the threshold for higher rate income tax then the cash equivalent will be taxed at 32.5% to the extent that it is within the higher rate band, or 38.1% to the extent that it is within the additional rate band. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividend income within the nil rate band which would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

Subject to what is said above in relation to the determination of the 'cash equivalent' of the New Shares, this treatment is the same as that for cash dividends.

### Capital gains tax

For capital gains tax purposes, an individual Shareholder who makes an election to receive New Shares instead of a cash dividend, will not be treated as having made a disposal of existing Ordinary Shares. The New Shares will be treated as acquired on the date the New Shares are issued for an amount equal to the 'cash equivalent' of the New Shares (as described above), which will be treated as being the base cost of the New Shares.

### Corporation tax

A corporate Shareholder receiving New Shares in place of a cash dividend should not be treated as receiving a distribution for corporation tax purposes. Corporate Shareholders should therefore not be liable to corporation tax in respect of the New Shares issued to them.

For the purposes of corporation tax on chargeable gains, a corporate Shareholder who makes an election to receive New Shares instead of a cash dividend should not be treated as having made a disposal of existing Shares. No consideration will be treated as having been given for the New Shares. The New Shares will be added to the corporate Shareholder's existing holding of shares in the Company and treated as having been acquired when the existing holding was acquired. On disposal of the New Shares, the base cost of the New Shares will be calculated by reference to the base cost of the existing holding.

### Stamp duty

No stamp duty or stamp duty reserve tax will be payable on the issue of New Shares.