

BANK OF GEORGIA GROUP PLC RISK COMMITTEE TERMS OF REFERENCE

These terms of reference identify and formalise the roles, tasks and responsibilities of the Risk Committee (the **Committee**) of Bank of Georgia Group PLC (the **Company**) and the authority delegated to the Committee by the board of directors of the Company (the **Board**). Reference to the **Group** shall mean the Company and its subsidiaries.

1. Membership

- 1.1 The Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the chairman of the Committee (the **Committee Chairman**), and shall consist of a minimum of three members.
- 1.2 The activities of the Committee should involve participation by the Group CEO, Group CFO, JSC Bank of Georgia CEO, Deputy CEO (Finance), Deputy CEO (Risk), Head of Compliance, Head of Internal Audit, General Counsel and other senior employees of the Company and its subsidiaries as well as participation by the Chairman of the Audit Committee.
- 1.3 A majority of members of the Committee shall be independent non-executive directors.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 1.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chairman of the Board, Group CEO, Group CFO, Deputy CEO (Risk), other representatives of the Group's risk function, compliance, legal and internal and external audit may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Board or the Committee.
- 1.6 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.7 If a regular member is unable to act due to absence, illness or any other cause, the member or, failing him the Committee Chairman may appoint another independent non-executive director of the Company to serve as an alternate member.

2. Secretary

The Company Secretary or his or her nominee shall act as the secretary of the Committee (the **Secretary**).

3. Quorum

The quorum necessary for the transaction of business shall be two members. The quorum may be increased from time to time upon resolution of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of meetings

The Committee shall meet at least three times a year at appropriate times and otherwise as required.

5. Notice of meetings

- 5.1 Meetings of the Committee shall be convened by the Secretary at the request of any of its members or at the request of the Deputy CEO (Risk) if he or she considers a meeting necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, all other non-executive directors and any other person required to attend, no later than three working days before the date of the meeting. The agenda shall be circulated together with relevant supporting papers to Committee members and to other attendees as appropriate.

6. Minutes of meetings

- 6.1 The Secretary shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, the minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- 6.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records.

7. Annual General Meeting

The Committee Chairman should attend the annual general meeting to respond to questions from shareholders on the Committee's activities.

8. Duties

- 8.1 The Committee shall:
- (a) support the Board to ensure that risk appetite and exposure are addressed as part of strategy;
 - (b) oversee the risk management infrastructure and process;
 - (c) oversee risk exposure and the implementation of the strategy to address risk;
 - (d) support the Board in monitoring risk exposure and the implementation of the strategy to address risk;
 - (e) oversee, support and evaluate the risk management roles of our senior management team;
 - (f) assess, review and challenge the emerging and principal risks facing the Company, including those which would threaten its business model, future performance, solvency or liquidity and the management and mitigation of those risks (in collaboration with the Audit Committee);
 - (g) oversee external risk disclosure, including reviewing and recommending to the Board (in collaboration with the Audit Committee) the disclosures included in the annual report in relation to emerging and principal risks and uncertainties, procedures to identify emerging risks, internal control, risk management and the viability statement;
 - (h) advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the relevant period

(being for the Company's going concern purposes and the Company's viability statement, as the case may be), drawing attention to any qualifications or assumptions as necessary (in collaboration with the Audit Committee);

- (i) assist with the formulation of the longer term viability statement, which is included in each annual report, (including an assessment of the prospects of the Company looking forward over an appropriate and justified period) (in collaboration with the Audit Committee);
- (j) encourage and ensure open and broad discussion on perceived risk concerns and responsive efforts to mitigate when necessary;
- (k) assess the adequacy and quality of the risk management function and effectiveness of risk reporting within the Group;
- (l) review the effectiveness of the risk management framework and the Company's capability to identify and manage new types of risk;
- (m) consider and, if appropriate, approve any proposed related party transactions in accordance with the Group Related Party Transaction Policy;
- (n) consider and, if appropriate, approve any proposed related party exposures (corporates) where the liability of the borrower (group of the related borrowers) exceeds US\$ 1 million or equivalent in accordance with the Group Related Party Transaction Policy;
- (o) consider and, if appropriate, approve:
 - (i) any proposed related party exposures (individual) as defined by the National Bank of Georgia where the liability of the borrower (group of the related borrowers) exceeds US\$ 300,000 or equivalent;
 - (ii) any transaction as so required by the Group Related Party Transaction Policy; or
 - (iii) any transaction which may be a material transaction (as defined in the Schedule); and
- (p) make its terms of reference available on the Company's website explaining clearly its role and the authority delegated to it by the Board.

9. Reporting responsibilities

- 9.1 The Committee Chairman shall regularly provide a risk management report to the Board and report on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report of its activities and the Company's risk management and strategy to be included in the Company's annual report including: confirmation that an assessment of emerging and principal risks to the Company has been completed; procedures in place to identify emerging risks; an explanation of how principal and emerging risks are managed or mitigated; and a description of its review of the effectiveness of the Company's risk management and internal control systems.

10. Other matters

- 10.1 The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority Listing Rules, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- (d) oversee any investigation of activities which are within its terms of reference; and
- (e) arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

11.1 The Committee is authorised:

- (a) to seek any information it requires from any employee/director of the Group in order to perform its duties;
- (b) to obtain, at the Company's expense, external legal or other professional advice on any matter within its terms of reference where required;
- (c) to request the attendance of any employee (including those of the subsidiaries) at a meeting of the Committee as and when required; and
- (d) to sub-delegate any or all of its powers and authority and may establish subcommittees which are to report back to the Committee.

Adopted on 4 December 2018

Schedule

1. Responsibilities for material transactions

- 1.1 If any person within the Group identifies a transaction which is or may be a material transaction, it shall be notified to the Group CFO and the Committee as soon as possible and in any event before such transaction is entered into. All companies within the Group will retain a transaction tracker for this purpose which should be sent to the Group CFO and Committee quarterly.
- 1.2 Upon receipt of any notification in relation to a potential material transaction the Group CFO shall (i) consider whether the proposed transaction is outside the ordinary course of business and, if so or if in doubt, shall (ii) calculate (taking account of any relevant aggregations) the appropriate Class Tests to determine whether the proposed transaction is a Class 1, Class 2 or reverse takeover transaction. The Group CFO shall notify the Committee members of both his determination under (i) and if ran, the outcome of the Class Tests at (ii) for their final consideration.
- 1.3 The Committee shall consider the Group CFOs notifications pursuant to paragraph 1.2 and confirm their classification of the proposed transaction. The Committee may seek advice from its professional advisors in this regard. If the Committee determines that a transaction is or may be a reverse takeover or a Class 1 transaction it must obtain the guidance of a Sponsor.
- 1.4 If the Committee determines that a transaction is outside of the ordinary course of business and is either a Class 1, Class 2 or reverse takeover transaction, it will escalate such transaction to the Board. Following such notification to the Board, the Committee will remain responsible for the Group's compliance with the Listing Rules with respect to:
- (a) announcements to shareholders;
 - (b) requirements for shareholder approval; and
 - (c) any other Listing Rule requirements.

2. Interpretation

For the purposes of this Schedule:

- (a) "*Class 1*" or "*Class 2*" and "*reverse takeover*" has the meaning ascribed to it in the Listing Rules;
- (b) "*Class Tests*" means the class tests set out in the annex to Listing Rule 10;
- (c) "*Listing Rules*" means the Listing Rules set out in the Financial Conduct Authority handbook;;
- (d) "*material transaction*" means a transaction proposed to be entered into by any member of the Group which does or may constitute a material (by reference to certain financial parameters circulated by the Group CFO from time to time and at least annually) transaction;
- (e) "*outside of the ordinary course of business*" means transactions of an unusual size and incidence when compared to similar transactions which the company has entered into;
- (f) "*transaction*" includes all agreements (including amendments to agreements) entered into by the Group, including option arrangements, indemnities which may be "exceptional", break fees, joint ventures, and equity issuances by Group companies.