



RISK COMMITTEE TERMS OF REFERENCE

Updated and approved on 23 March 2016

These terms of reference identify and formalise the roles, tasks and responsibilities of the Risk Committee (the **Committee**) of BGEO 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, 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 (the **Bank**) CEO, Bank Deputy CEO (Finance), Bank 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 consultation with the Chairman of the Audit Committee.
- 1.3 A majority of members of the Committee shall be independent non-executive directors.
- 1.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals, including without limitation, the Chairman of the Board, other Directors, CEOs, CFOs, Bank Deputy CEO (Risk), other representatives of the 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.
- 1.5 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.
- 1.6 If a regular member is unable to act due to absence, illness or any other cause, the member or, failing him the chairman of the Committee 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 Bank 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 chairman of the Committee.

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 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;
- (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 period, 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 (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;
- (m) approve related party transactions as per the Group Related Party Transaction Policy;
- (n) approve related party exposures (corporates) where the liability of the borrower (group of the related borrowers) exceeds US\$ 1 million or equivalent;
- (o) approve related party exposures (individual) where the liability of the borrower (group of the related borrowers) exceeds US\$ 300,000 or equivalent; and
- (p) make available its terms of reference 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 to be included in the Company's annual report including the principal risks to the Company which it has identified.

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 Code and the requirements of the UK Listing Authority Listing, Prospectus and Disclosure 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 sub-committees which are to report back to the Committee.