

TBC Bank Group PLC

(the “Company”)

Remuneration Committee (“Committee”)

Terms of Reference

These Terms of Reference define the Committee's role and responsibilities, the authority delegated to the Committee by the Board, as well as its structure, membership and procedural matters related to the Committee's activities.

1. Role of the Committee

1.1 The role of the Committee is to support the Board of Directors (the “**Board**”) to fulfil its responsibility to ensure that:

- a) The remuneration policy and practices of the Company and its subsidiaries (the “**Group**”) are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements;
- b) executive remuneration is aligned to Group's purpose and values and linked to the execution of its long-term strategy while taking into account the wider Group stakeholders' experience; and
- c) the Remuneration policy and practices are fairly and consistently applied across the Group.

1.2. The Committee shall consider:

- a) remuneration policies to cover fixed and variable compensation, including long-term and short-term incentives paid in cash and/or shares, pensions, and other benefits;
- b) the results of application of the remuneration policy on the operating costs of the Group;
- c) recruitment and any severance policies related to remuneration; and
- d) policies related to workforce remuneration and their alignment with the Group culture and remuneration principles.

2. Remuneration Principles

- a) When determining and applying the remuneration policy, the Committee shall take into account the following principles:
 - (i) clarity;
 - (i) simplicity;
 - (ii) risk;
 - (iii) predictability;
 - (iv) proportionality; and
 - (v) alignment with the Group culture.
- b) When determining and applying the remuneration policy, the Committee will among others:

- (i) Consider the need to promote the long-term sustainable success of the Group and the alignment to the Group purpose and values linked to the successful delivery of the Group's long-term strategy, having regard to the views of shareholders and other stakeholders, and ensuring that rewards are fair and incentives are drawn to encourage enhanced performance while reflecting individual contributions;
- (ii) Consider the Group's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Group's risk policies and systems and long-term sustainable goals;
- (iii) Assess the need to retain over the long-term and motivate talent across the Group in different geographies and business lines while facilitating employee mobility within the Group; and
- (iv) Exercise discretion in relation to the application of the remuneration policy, as permitted by such policy.

3. Detailed Responsibilities

In carrying out its role, the Committee shall:

3.1 *Remuneration Policy and Policy Administration*

- a) Review remuneration policy and practices across the Group and their effectiveness to support the implementation of the Group strategy;
- b) Propose to the Board for approval by the shareholders the policy for the remuneration and benefits of the chief executive officer of the Company (the "CEO") and any other executive directors of the Company as well as the remuneration policy for non-executive members of the Board (the "**Directors' Remuneration Policy**");
- c) Propose to the Board for approval the policy for the remuneration and benefits of the executive management board members of JSC TBC Bank (the "**Bank**");
- d) Propose to the Board for approval the remuneration structure and reward levels for those employees of the Group whose compensation exceeds a level determined by the Committee, from time to time;
- e) Propose to the Board for approval the remuneration structure and level for the compensation of the Company Secretary;
- f) Determine expense reimbursement policy for non-executive Board members;
- g) Propose to the Board for approval the remuneration package and elements of the individual remuneration package for each executive management board member of the Bank, including (to the extent applicable):
 - (i) base salary;
 - (ii) variable remuneration including but not limited to share-based incentive remuneration schemes;
 - (iii) any pension arrangements; and
 - (iv) other benefits in cash or in kind;

- h) Exercise discretion or judgment beyond formulaic applications of the policy on remuneration outcomes, taking account of Group and individual performance, and wider circumstances and in relation to performance-based incentive plans using a range of financial and non-financial strategic measures to ensure that targets are aligned with the Group strategy to deliver value over the long-term in line with its purpose;
- i) Regularly review the on-going appropriateness and relevance of the remuneration policy and consult with significant shareholders, as appropriate, on the policy or any other aspects of remuneration and receive regular feed-back;
- j) Keep abreast of external remuneration trends and market conditions;
- k) Annually:
 - 1. consider the appropriate peer group to benchmark remuneration levels for non- executive directors, the CEO and executive management board members of the Bank;
 - 2. receive assurances that the remuneration policy is effectively implemented receiving inputs from relevant control functions;
- l) At least every three years submit the Directors' Remuneration Policy for approval by the shareholders.

3.2 Share based remuneration and bonus arrangements

In applying the remuneration policy related to share-based remuneration the Committee shall:

- a) Decide whether CEO, any other executive director of the Company or executive management board members of the Bank are eligible for awards under share incentive plans of the Company in coordination with the Risk Committee and Audit Committee to take into account the targets of the risk appetite framework of the Bank or the of the Group as applicable and any other relevant parameters as agreed with the Board from time to time;
- b) Propose to the Board a total bonus pool, if so required by the Board, in coordination with the Risk Committee and the Audit Committee;
- c) Propose to the Board the Bank's executive management board members, including CEO KPIs for both awards under the short-term and the long-term incentive plans in coordination with other Committees of the Board following the approval of the annual budget and strategy;
- d) Assess achievement by Bank's executive management board members, including CEO of the objectives and KPIs agreed for both awards under short-term and long-term incentive plans in coordination with other committees of the Board;
- e) Propose to the Board the level of annual bonus and annual grant under the long-term incentive plan taking into consideration the overall achievements and outcomes in the implementation of the Group strategy with inputs from other Board committees;

- f) Annually, before vesting of any share award, receive malus test results and decide on vesting of the awards;
- g) Annually consider if any claw-back clauses should be applied to vested awards during the relevant applicable period;
- h) Annually receive confirmation from the Bank's Head of Compliance about minimum shareholding requirements fulfilment in line with the policy;
- i) Annually review the employee share trust's performed operations.

3.3 Workforce remuneration and related policies

- a) Review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- b) Receive information about any major changes in remuneration and employee benefits structures throughout the Group which diverge from the Group remuneration policy principles; and
- c) Receive regular input from the designated non-executive director responsible for workforce engagement regarding the feedback received from the workforce on the alignment of incentives and rewards pay with the Group's strategy and culture.

4. Committee Membership and Composition, Members' Rights and Obligations

- 4.1 The Committee shall comprise a minimum of three members, including the Committee Chair, all of whom shall be independent non-executive directors, as determined by the Board. The Chairman of the Board can be a member of the Committee, if he was independent on appointment.
- 4.2 One of the independent non-executive directors shall be appointed by the Board as the Chair of the Committee (the "**Committee Chair**"). Before appointment as Committee Chair, the appointee should have served on a remuneration committee for at least 12 months. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.
- 4.3 Committee members should have the appropriate balance of skills, experience, independence to enable them to discharge their respective duties and responsibilities effectively.
- 4.4 Committee members are appointed for a term of one year, subject to annual re-election at the Annual General Meeting of the Company.
- 4.5 Committee members shall have the following rights:
 - (a) to request documents, reports, explanations and other relevant information from the officers, executives and employees of the Group;
 - (b) to invite the Group's officers, executives and employees to its meetings as observers to question them, and seek explanations and clarifications;
 - (c) to utilise the services of outside consultants, experts and advisors;
 - (d) to perform any other duties as may be required by the Board within the scope of authority of the Committee as set forth herein;

- (e) to contribute written suggestions and propositions in order to improve Committee activities;
- (f) to place matters on the agenda of the Committee meeting and to vote on any matters in the agenda, and to demand inclusion to the Committee meeting minutes of his or her individual opinion;
- (g) to contribute recommendations on the improvement of relevant policies within the Committee's scope for the consideration of the Board;
- (h) on giving reasonable notice, to resign from the Committee;
- (i) Where there is disagreement between the Committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the Committee shall have the right to report the issue to the shareholders as part of the report on its activities in the Company's annual report; and
- (j) to have sufficient resources in order to carry out the Committee's duties including access to the Company Secretary professional advice.

4.6 Committee members shall have the following obligations:

- (a) act in accordance with these Terms of Reference, the Articles of Association of the Company, the UK Corporate Governance Code together with any relevant guidance, the requirements of the UK Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules and any other applicable rules and regulations, as appropriate;
- (b) to participate in the activities and work of the Committee, and attend all meetings;
- (c) to treat as confidential all information that becomes known to him/her in the course of performing his/her duties;
- (d) to inform the Board of any changes in his/her independent status or any conflicting interest regarding decisions to be made by the Committee;
- (e) to adhere to all applicable laws and regulations and these Terms of Reference whilst carrying out his or her activities;
- (f) to act in the best interests of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:
 - (i) the likely consequences of any decision in the long term;
 - (ii) the interests of the Company's employees;
 - (iii) the need to foster the Company's business relationships with suppliers, customers and others;
 - (iv) the impact of the Company's operations on the community and the environment;
 - (v) the desirability of the Company maintaining a reputation for high standards of business conduct; and
 - (vi) the need to act fairly as between members of the Company.

5. Committee Meetings

- 5.1 **Notice of the Meetings** - Meetings of the Committee shall be called by the Company Secretary at the request of the Committee Chair or any of its members at any time, to consider any matters falling within the competence of the Committee. In special circumstances, the Committee meetings can be called by the Company Secretary at the request of the CEO or Chairman of the Board if they consider it necessary. Unless the Committee otherwise agrees, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be provided to each member of the Committee and any other person required to attend, no later than five calendar days before the date of the meeting or in case of matters of urgency – no later than 24 hours before the date of the meeting.
- 5.2 **Meetings** - Committee shall meet as often as it deems necessary and at least four times a year. All Committee members are expected to attend the meetings, in person or via telephone or video conference. The Committee meeting agenda will be prepared and provided in advance of the meeting to the members, along with appropriate materials. Outside of the formal meetings, the Committee Chair will maintain a dialogue with key individuals involved in the Group's governance, including the Board Chairman and the CEO.
- 5.3 **Attendees** – only the members of the Committee have the right to attend Committee meetings, other persons may be invited by the Committee Chair to attend the meeting, if and when appropriate. The Company Secretary shall attend all Committee meetings.
- 5.4 **Quorum** – the quorum for the Committee meeting shall be two.
- 5.5 **Voting** - each Committee member shall have one vote which may be cast on matters considered at the meeting, where:
- (a) votes can only be cast by members attending a Committee meeting.
 - (b) if a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting; and
 - (c) except where he or she has a personal interest, the Committee Chair shall have a casting vote.
- 5.6 **Secretary** – the Company Secretary shall act as the secretary of the Committee. The Committee is supported by the Company Secretary on all matters, including assisting the Committee Chair in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support. The Company Secretary ensures that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 5.7 **Professional Advice** – the Committee and the Committee Chair shall have access to the advice and services of the Company Legal Counsel and the external (local and/or international) legal counsel on regulatory and legal matters.
- 5.8 **Minutes** – the Secretary shall minute the proceedings and the decisions of all meetings of the Committee, including recording the names of those absent and in attendance. The Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Secretary shall prepare and circulate the

draft minutes of the Committee meetings promptly to all members and other attendees of the relevant meeting. Minutes of any meeting shall be announced as final, once signed by the Chair. Unlimited access to all the minutes of the Committee meetings must be granted to all Board members at any time. The Secretary is the key responsible person to provide such access. A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be noted at the next meeting of the Committee.

6. Committee Professional Development, Self-Assessment, Reporting and Disclosure

- 6.1 The Committee will undertake appropriate and timely professional development, including an induction programme for new members and on an ongoing basis for all members. The professional development shall include, but not be limited to, an understanding of the principles of and developments in governance-related matters.
- 6.2 The Committee shall, with the support of the Company Secretary, conduct an annual self-assessment (including the evaluation of the Committee's compliance with the Terms of Reference) and report any conclusions and recommendations to the Board not later than in the two-month period from the end of the relevant year.
- 6.3 The Committee shall annually review these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 6.4 The Committee Chair shall report to the Board on its proceedings at the following Board meeting on all matters within its duties and responsibilities. The Committee Chair shall inform the Chairman of the Board as soon as possible on matters that the Committee has deemed as urgent.
- 6.5 The Committee can make recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.6 The Committee shall annually produce a report on its activities, which shall be presented to the Board and be published in the Company's annual report. The Committee Report shall comply with all applicable UK regulatory requirements and where relevant, with the requirements of the National Bank of Georgia.
- 6.7 Committee information, including the Terms of Reference, membership of the Committee and the description of the Committee's duties and activities during the year, shall be disclosed on the Company's website.

7. Other Matters

- 7.1 **Amendments** – these Terms of Reference may be amended by the Board at its sole discretion without prior notification.
- 7.2 **Inconsistency with UK Law** – where these Terms of Reference are inconsistent with UK law or other applicable UK regulations, the latter shall prevail.