JSC LIBERTY BANK AUDIT COMMITTEE TERMS OF REFERENCE

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1. Preamble

These terms of reference define the main principles, goals, objectives, functions, rights and responsibilities of the Audit Committee (the "**Committee**") of JSC Liberty Bank (the "**Bank**") and the authority delegated to the Committee by the Supervisory Board (the "**Supervisory Board**") to monitor the Bank's financial reporting, internal audit, external audit, internal control frameworks and the level of resilience in internal operational and business processes.

2. Membership

2.1. The Committee is a permanent committee, duly established by a decision of the Supervisory Board and it reports to the Supervisory Board;

2.2. The Committee shall consist of at least 3 (three) members, all of whom shall be non-executive members of the Supervisory Board and the majority of whom shall be independent members of the Supervisory Board within the meaning of the Corporate Governance Code for Commercial Banks approved by the National Bank of Georgia;

2.3. The Chairman of the Committee (the "**Chairman**") shall be elected by the Supervisory Board from among the members of the Committee provided that the Chairman shall be an independent Supervisory Board member and at the same time he/she shall not be the chairman of the Supervisory Board and/or any other Supervisory Board committee. In the absence of the Chairman, the remaining Committee members present shall elect one of themselves to chair the meeting;

2.4. The members of the Committee shall collectively have the knowledge, skills and experience appropriate to the nature, scale and complexity of the Bank's activities, including its status as a systemically important bank;

2.5. Members are appointed in the Committee and may be removed therefrom at any time by the Supervisory Board. Committee membership ends when a person ceases to be a member of the Supervisory Board, resigns from the Committee by written notice sent to the Chairman at least 30 (thirty) calendar days prior to the effective resignation date, or the Supervisory Board adopts a decision to remove a member from the Committee. If as a result of removal/resignation of a Committee member, actual number of members in the Committee falls below the minimum threshold determined under current terms of reference, the Supervisory Board shall fill the vacant seat in the Committee within 30 (thirty) days, to enable the Committee to fulfil its duties.

3. Committee meetings and quorum

3.1. Meetings of the Committee shall be held at least quarterly. Estimated targeted dates of scheduled meetings shall be within the range of 15-45 days following the last day of a calendar quarter. Extraordinary Committee meetings shall be held as required. Committee meetings may be convened by the Management Board, or the Head of the Internal Audit function either at their own initiative, or following a formal request sent by any Committee member. If the meeting convocation is requested by a Committee member, such member may also determine the meeting agenda and send the proposed agenda to the management board together with a formal request of meeting convocation. The Management Board and the Head of the Internal Audit shall convene the meeting within 5 (five) working days following such

request, considering that in any event, the meeting shall be convened at least 5 (five) days prior to the scheduled meeting date (except for the cases set forth under Article 9.1). If the management board does not convene a Committee meeting as indicated under present paragraph, the Chairman shall be authorised to convene the meeting and determine the meeting agenda;

3.2. The Committee may also meet without the attendance of the management board if requested by a Committee member, or following the Chairman's initiative in his/her sole discretion. In such case the Chairman shall convene the meeting in accordance with the timelines set forth in paragraph 3.1;

3.3. A quorum is a majority of the Committee members, including the Chairman. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise its authorities. The Committee makes decisions by majority of votes of the members present and in the event of an equality of votes, the Chairman (or other person chairing the meeting) shall have a casting vote;

3.4. The secretary of the meeting (the "**Secretary**") shall be appointed by the Committee. The Secretary is not a member of the Committee, has no vote and acts independently of the Management Board in performing his/her functions;

3.5. A notice on convocation of a Committee meeting shall be sent to each member of the Committee together with the agenda and supporting materials. Urgent meetings, when the Management Board considers a delay in meeting convocation may harm the Bank's interests, may be convened on shorter notice than indicated in paragraphs 3.1-3.2 of the present terms of reference;

3.6. Committee meeting may be held via telephone, video conference calls or other means of electronic communication;

3.7. Notices, agendas and any other supporting documents may also be sent in electronic form;

3.8. The minutes of the meeting shall be drawn up by the Secretary within 10 (ten) working days after the meeting, shall record the Committee attendance, adopted decisions, votes cast, declared conflicts of interest, recommendations/explanations given by the Committee members and other attending persons, dissenting opinions (if any), and shall be signed by the Chairman (or other person chairing the meeting) together with the Secretary. In case of any conflicts of interest or any other reasonable grounds, the signature of the minutes may be delegated to any other member of the Committee. The minutes shall be circulated to all Committee members, made available to the Supervisory Board and retained for the period as may be required by the applicable laws and banking regulations;

3.9. The Committee may adopt decisions, without a formal meeting held, by written resolution circulated to all members, if approved by a majority of all members and no member requests that the matter be discussed at a meeting. It shall be recorded in the minutes, signed by the Chairman and the Secretary and become available to the Committee members and the Supervisory Board.

4. Participation in Committee meetings

4.1. Only members of the Committee have absolute and unconditional right to attend the Committee meetings. However, the Head of Internal Audit Function (**"Chief Auditor"**), the

Chief Risks Officer (the "**CRO**"), the Chief Financial Officer (the **"CFO"**) and the General Counsel (the "**GC**") of the Bank shall, in general, attend the meetings unless there is a reasonable and justified cause for being absent on the meeting. Furthermore, other members of the Management Board, the chief compliance officer, head of operational and/or credit risks, information security and any other individuals as may be requested or invited by the Committee may also attend all or part of any meeting. The Committee may at any time require any invitee to leave the meeting;

4.2. Where the business of the Committee meeting includes the review of actual or potential conflicts of interest of the Committee member, such affected member shall not participate in the review or discussions or decisions of the Committee which relate to that member and therefore the quorum of the meeting and/or the minimum votes of attending members necessary to adopt a Committee decision shall be calculated from the number of remaining Committee members having no conflicts of interest.

5. Functions and responsibilities of the Committee

5.1. Internal Audit

The Committee shall:

5.1.1. Review and approve the role and mandate of the internal audit function, monitor and review the effectiveness of its work;

5.1.2. Review and approve the key internal policies of the internal audit;

5.1.3. Ensure internal audit has unrestricted and necessary access to all types of information and each person engaged in relevant functions to enable it to fulfil its duties;

5.1.4. Review and approve the annual internal audit plan and any material changes to them, recommend to the Supervisory Board to increase the existing budget and/or allocate additional resources for the Committee if the Committee considers it necessary;

5.1.5. Monitor and assess the role and effectiveness of the Bank's internal audit function in the overall context of the Bank's risk management system and the work of compliance;

5.1.6. Review all significant reports provided by the Chief Auditor to the Committee and monitor the management board's implementation of internal audit recommendations;

5.1.7. Recommend to the Supervisory Board for the appointment, dismissal and remuneration of the Chief Auditor and assess his/her performance annually;

5.1.8. Safeguard the independence of internal audit, including by ensuring that the Chief Auditor has full and unlimited ability to directly access and functionally report to the Committee without the management board's undue interference and/or undue influence which may directly or indirectly preclude or limit the Chief Auditor from direct access to the Committee.

5.2. Financial reporting

The Committee shall:

5.2.1. Monitor the integrity of the financial statements of the Bank, including its annual and interim reports, preliminary results' announcements and any other formal statements relating to its financial performance, and review and report to the Supervisory Board on significant financial

reporting issues, financial statements and relevant judgments which those statements contain;

5.2.2. Review and challenge where necessary (a) the application of significant accounting policies used in the preparation of the financial statements, and any changes to them; (b) methods used to account for significant or unusual transactions where different approaches are possible, (c) whether the Bank has adopted appropriate accounting policies and made appropriate estimates and judgments, (d) the clarity and completeness of disclosure in the Bank's financial reports and the context in which statements are made, (e) any significant adjustments resulting from the audit and (f) the methodology, key assumptions, models and other material accounting estimates used in financial accounts and reporting;

5.2.3. Review the Bank's processes for the preparation of the financial statements, including the sufficiency of accounting resources and the quality of management's representations to the external auditor;

5.2.4. Review and approve annual Pillar 3 statements of the Bank.

5.3. Internal controls

The Committee shall:

5.3.1. Keep under review the overall adequacy and effectiveness of the Bank's internal control system and, in particular, the Bank's internal financial controls and risk management systems relating to financial reporting;

5.3.2. Consider the major findings of any internal investigations into control weaknesses, fraud or misconduct;

5.3.3. Review and monitor management board's responsiveness to addressing control weaknesses and non-compliance with laws, regulation and internal policies and other weaknesses identified by the Internal Audit function and the external auditor;

5.3.4. Monitor the adequacy of the controls over IT and business continuity, information security, data protection, anti-money laundering, management of conflicts of interests and other key areas of business, operations and risk management;

5.3.5. Review and approve the Bank's activities with respect to the Bank's treasury and tax policies and material changes thereto, and such other policies or regulations as may be requested by the Supervisory Board from time to time;

5.3.6. Coordinate with the Risks Review Committee so that the risk management framework and the internal control systems are assessed consistently.

5.4. External audit

The Committee shall:

5.4.1. Participate in the selection of the external auditor, and consider and make recommendations to the Supervisory Board or the management board as the case may be, to be put to shareholder meeting's approval at the annual general meeting, in relation to the appointment, reappointment and removal of the Bank's external auditor;

5.4.2. Approve the remuneration and terms of engagement of the external auditor and oversee the relationship of the Bank with the external auditor;

5.4.3. Assess the independence, objectivity and effectiveness of the external auditor and the audit process;

5.4.4. Assess the level of independence, and if considered acceptable from legal and regulatory viewpoint, approve any other audit and assurance services simultaneously provided by the external auditor to the Bank;

5.4.5. Cooperate with the external auditor in determining the materiality thresholds for the purposes of annual and other periodic financial statements and accounts;

5.4.6. Review the findings of the external audit, including the management letter and the management board's responses, and monitor the implementation of the external auditor's recommendations.

6. Nature of the Committee's authority

6.1. In these terms of reference: "review" means to examine, challenge and form a view, and where appropriate recommend; "oversee" means to monitor on an ongoing basis and require management to remedy deficiencies; "recommend" means to submit a proposal on which the Supervisory Board decides; and "approve" means to decide with binding effect. The Committee approves only where these terms of reference expressly say so, or where the Supervisory Board has delegated that power to it in writing or where the applicable laws and banking regulations set a certain issue to the exclusive jurisdiction of the Committee.

6.2. The management board remains responsible for the preparation of the financial statements and other accounts and the Committee shall not assume management functions. Matters reserved to the Supervisory Board or to the shareholders meeting under the applicable banking regulations, including approval of the annual financial statements, approval of the recovery plan and the appointment of the external auditor, remain with them.

7. Confidentiality obligations

Members of the Committee and other persons who attend a meeting of the Committee must maintain confidentiality on reports and documents they have received and on the contents of discussions and deliberations, as well as on all confidential information and secrets of the Bank, including but not limited to operating and business information which came to their attention as a result of their activity on the Committee. These obligations continue after a person ceases to be a member or attendee. They do not restrict disclosure to the NBG, an auditor or another authority where required or permitted by the applicable law.

8. Other matters

8.1. The Committee shall have access to sufficient resources in order to carry out its duties, including an annual budget approved by the Supervisory Board, access to qualified staff, and oversee any investigation of activities which are within its terms of reference;

8.2. The Committee shall from time to time but, at least once in each 3 (three) years, review these terms of reference and recommend any necessary changes to the Supervisory Board;

8.3. The Committee is authorized by the Supervisory Board to (a) seek and request any information it requires from any employee of the Bank in order to perform its duties, (b) consult, at the Bank's expense, such persons as it deems appropriate in the performance of its obligations,

including to obtain outside legal or other professional advice on any matter it believes necessary to do so, (c) call any employee to be questioned at a meeting of the Committee as and when required, (d) have full access to the Bank's records, systems, data and premises relevant to its remit;

8.4. The management board and employees of the Bank shall provide the information and attendance requested by the Committee promptly and in any event prior to the scheduled meeting. Any failure to do so shall be reported to the Committee in advance.

9. Escalation

9.1. The management board and the Chief Auditor shall notify the Chairman without delay of: (i) any suspected or actual material fraud or misconduct; (ii) any significant control failure or material weakness; (iii) any proposed restatement or material correction of the financial statements; (iv) the resignation or proposed removal of the external auditor, or any anticipated modification of the audit opinion; and (v) any material regulatory action or inquiry relating to financial reporting, internal control or anti-money laundering controls.

9.2. On receiving any such notification under clause 9.1, the Chairman, if he/she considers within his/her discretion it reasonable, shall convene an extraordinary Committee meeting within the following 48 (forty-eight) hours, promptly inform the Chairman of the Supervisory Board and, where the matter is also risk-related, the Chairman of the Risks Review Committee.

9.3. The Committee shall oversee any investigation of such matters and report its conclusions to the Supervisory Board.

10. Final provisions

10.1. The Committee shall review the present terms of reference periodically, but at least once in each three years and recommend to the Supervisory Board on proposed amendments, if it considers necessary or reasonable.

10.2. These terms of reference take effect immediately upon approval by the Supervisory Board and shall supersede the version effective as of 24 July 2019.

10.3. In case of any conflict between the present terms of reference and the applicable law and banking regulations, respective provisions of the applicable law/regulation shall prevail.