JSC LIBERTY BANK RISKS REVIEW 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 Risks Review Committee (the "**Committee**") of JSC Liberty Bank (the "**Bank**") and the authority delegated to the Committee by the Supervisory Board (the "**Supervisory Board**") for the oversight of risk related matters, identification, assessment, governance and mitigation of risks impacting the Bank.

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. Both scheduled and extraordinary meetings may be convened by the Management Board either at its 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 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. 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 the 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 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, the head of internal audit, head of operational and/or credit risks 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. Risk appetite, risk strategy and limits

The Committee shall:

5.1.1. Review and monitor the risk strategy and risk appetite and its consistency and alignment with strategic, capital and financial plans and submit respective recommendations to the Supervisory Board;

5.1.2. Oversee the Management Board's fulfilment of the ratios and limitations determined under the risk appetite statement approved by the Supervisory Board;

5.1.3. Oversee the strategies for capital and liquidity management as well as for all the Bank's relevant risks, such as credit and operational risks, market and reputational risks along with other relevant types of risks to ensure they are consistent with the stated risk appetite and risk culture;

5.1.4. Review reports on any breaches of risk appetite and the adequacy of proposed action;

5.1.5. Discuss the risk strategies on both an aggregated basis and by types of risks, and where appropriate, make recommendations to the Supervisory Board.

5.2. Risk management framework and risk assessment

5.2.1. Assess the extent to which such risks may threaten business model, future performance, solvency or liquidity of the Bank and make sure, in cooperation with other relevant structural units, such risks are mitigated;

5.2.2. Review the effectiveness of the risk management framework and the Bank's capability to identify and manage new types of risk;

5.2.3. Consider any material findings, recommendations and supervisory measures from the NBG or other regulators which impact or may impact risk governance, conduct of business, risk assessment or risk management processes, recommend to the Supervisory Board actions to be taken and monitor their implementation against agreed timelines;

5.2.4. Make whatever recommendations to the Supervisory Board it deems appropriate on any area within its remit where action or improvement is needed.

5.3. Capital, liquidity and stress testing

5.3.1. Review the scenarios (covering both economic and other future risk outlooks over the business planning horizon) and the effectiveness of stress tests implemented by the management board to assess the adequacy of economic and regulatory capital and liquidity. Review and challenge the outcome of these tests and the proposed actions which might need to be taken in the light of the outcomes;

5.3.2. Review capital and liquidity plans and the contingency funding plan, and monitor compliance with NBG prudential requirements, including Pillar 2 requirements, buffers and additional requirements applicable to systemically important banks, with early warning of potential breaches.

5.4. Specific risk areas

5.4.1. Monitor credit risk, including the credit policy framework, portfolio quality, concentration, large exposures, and asset classification and provisioning methodology;

5.4.2. Monitor market, interest rate and liquidity risks;

5.4.3. Monitor operational risk, business continuity and operational resilience;

5.4.4. Monitor compliance, anti-money laundering and economic and financial sanctions risk;

5.4.5. Monitor climate-related and other ESG risks, their integration into the Bank's risk management framework and compliance with targeted benchmarks integrated in respective ESG related policies;

5.4.6. Review and advise the Supervisory Board on risks relating to information security and cyber security, including the adequacy of the information security strategy and material incidents, and serious, large scale, organised crime relating to information security.

5.5. Risk culture and disclosure

5.5.1. Monitor the Bank's risk culture and the tone set by senior management, and recommend measures where it falls short;

5.5.2. Oversee external risk disclosure, including review, before publication, of the risk disclosures required by the NBG.

6. Communication with the CRO and Reporting

6.1. The Committee shall:

6.1.1. Monitor the effectiveness and independence of the CRO and the risk function, evaluate the CRO’s levels of achievement and recommend to the Supervisory Board on any potential increase of applicable resources and budget for the risk function;

6.1.2. Ensure the CRO has direct access to the Committee and the Supervisory Board;

6.1.3. Review, together with the CRO, the results of any independent assessment of the risk function;

6.1.4. Receive reports and supporting materials in accurate, timely and clear manner that enables the Committee to analyse the Bank’s key risks;

6.1.5. The reports submitted to the Committee shall include all areas related to key risks, covering at least the issues summarised under Annex A or any additional issues or events considering

the relevance and importance of such issues together with the persons responsible to report to the Committee. The Committee may at any time require additional or ad hoc reports;

7. Nature of the Committee's authority

7.1. 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.

7.2. The management board remains responsible for day-to-day risk management, and the Committee shall not assume management functions. Matters reserved for the exclusive jurisdiction of the Supervisory Board under the applicable law, including approval of the risk appetite statement, the ICAAP, the ILAAP, the recovery plan, operational risk management framework, key acting policies, remain with the Supervisory Board.

8. 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.

9. Authorities

9.1. The Committee may:

9.1.1. Request that the CRO or the Management Board shall submit a report to the Committee whether on ad hoc or a regular basis and in case of the latter, determine the frequency of such reports concerning capital and liquidity, risk and other relevant issues;

9.1.2. Seek, request and receive any information it requires from any employee of the Bank in order to perform its duties;

9.1.3. Following a prior written notice sent to the CFO, consult, at the Bank's expense, external advisors and/or outsource companies 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;

9.1.4. Decide that one or several Committee members, whether current or newly elected, should be provided with appropriate training in order to enable the Committee to carry out its duties effectively. Such Committee decision shall be complied with by the Bank in due and timely manner;

9.1.5. Have full access to the Bank's records, systems, data and premises relevant to its remit;

9.1.6. Meet and obtain information from the external auditor and the head of internal audit, in coordination with the Audit Committee;

9.1.7. Require the Management Board to submit remediation plans with proper timelines for identified deficiencies and monitor their implementation.

10. Escalation and crisis governance

10.1. The CRO or the management board shall notify the Chairman without delay of: (i) any material breach of a risk appetite limit, NBG prudential requirement or other regulatory limit; (ii) any material loss, or any material operational, information security or cyber incident; (iii) any significant deterioration in capital or liquidity indicators, or triggering of a recovery plan indicator; and (iv) any material regulatory action or inquiry.

10.2. On receiving any such notice under clause 10.1, the Chairman, if he/she considers within his/her discretion that the escalated issue is of such gravity and importance which may have material impact on the Bank's risk profile, shall convene an extraordinary Committee meeting within the following 48 (forty-eight) hours and promptly inform the Chairman of the Supervisory Board.

10.3. The Committee shall review the implementation of potential recovery options, monitor the achievement of targeted recovery steps at the frequency the situation requires and report to the Supervisory Board.

11. Final provisions

11.1. 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;

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

11.3. 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.

LIBERTY
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Annex A – Reporting calendar

Report / information	Person in Charge	Frequency
Risk profile, compliance with risk appetite, risk limits, breaches and mitigation plans	CRO	Each scheduled meeting
Capital and liquidity position and plans	CFO	Each scheduled meeting
Credit portfolio quality, concentrations, large exposures and provisioning	CRO	Each scheduled meeting
General market trends and comparison with competitor banks	CFO / CRO	Each scheduled meeting
Operational risk, information security and cyber incidents	CRO	Each scheduled meeting
Compliance, anti-money laundering and sanctions risk	CRO	Each scheduled meeting
ESG matters and green loans share in the portfolio, compliance with applicable ESG benchmarks	CRO	Each scheduled meeting
Key regulatory initiatives, respective impact assessment and follow-up	General Counsel / CRO	Each scheduled meeting
Regulatory penalties in excess of 0.01% of the Bank's regulatory capital	CFO	Immediately