

Pillar 3 Annual Report

Terabank

2025

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JSC Terabank

The Terabank was established in Georgia as a joint stock company on 30 December 2007 under the legal name of JSC Kor Bank. On 23 May 2016 the Bank changed its legal name to JSC Terabank.

The Bank's principal activities are deposit taking, customer account maintenance, credit operations, issuing guarantees, cash and settlement operations, and securities and foreign exchange transactions. The Bank's activities are regulated by the National Bank of Georgia (NBG). The Bank has a general banking license issued by NBG on 25 January 2008.

JSC Terabank is part of a group comprising JSC Terabank and JSC Tera Leasing.

The Bank's registered legal address is St. Ketevan Dedopali Avenue #3, Tbilisi 0103, Georgia. The Bank operates through 29 branches, service centers and service desks, which are located in all major cities of Georgia.

Terabank Strategy

Strategic market segments for Terabank, where it continues an ambitious acquisition strategy in the coming years are Micro, Small and Medium businesses as well as Retail Banking.

Terabank has the following Strategic Business Objectives to achieve:

- Maintain specific profitability targets annually;
- Increase market share in SME, Micro and Retail lending;
- Become a benchmark for excellence in SME banking and active player in Retail banking;
- Focus on digital banking;
- Development of green finance

Terabank defines its vision, mission and values as part of the strategic planning process. The vision and mission are the guidelines of the Bank's activities that speak for what the Bank wants to become and in which direction wants to go. The values establish the main coordinates of behavior towards customers, shareholders, competitors and/or colleagues.

VISION STATEMENT

“We make finance simple, flexible, and clear for those who build, create, and grow — people like you. Because real progress happens when we succeed together.”

MISSION STATEMENT

“Our mission is to improve the lives of entrepreneurs, their employees, and their clients by fulfilling their business and personal financial needs. We achieve this by providing solutions, exceptional service and personal attention. By supporting entrepreneurs in a responsible, flexible and efficient way, we contribute to the growth and development of business sector and overall economy of Georgia. “

Group Structure

As of 31 December 2025, JSC Terabank had a subsidiary, JSC Tera Leasing, whose principal activity is the conduct of leasing operations. Upon its establishment, the Bank made a capital contribution of GEL 5,500 thousand in exchange for an 87% equity interest in JSC Tera Leasing.

Board of Directors of JSC Terra Leasing:

- **Nato Toronjadze – Chief Executive Officer**
- **Levan Gogoreliani – Chief Commercial Director**
- **Salome Ghudushauri – Chief Operating Officer**
- **Beka Vakhtangishvili – Head of Product Development**
- **Mariami Beridze – Chief Risk Officer**

Supervisory Board:

- **Tea Lortkipanidze – Chair of the Supervisory Board**
- **Teimuraz Abuladze – Member of the Supervisory Board**
- **Davit Verulashvili – Member of the Supervisory Board**

The Bank holds minority, non-controlling interests in the following legal entities:

- LLC “Standard Leasing” – with a 20% ownership interest;
- LLC “Credit Unions Refinancing Company” – with a 40% ownership interest.

Within the scope of these shareholdings, the Bank’s contribution to charter capital is immaterial, amounting respectively to GEL 2 and GEL 2.6.

As of today, none of the above-mentioned entities carries out any type of business activity (they are inactive).

Governance

The Bank's corporate bodies are General Meeting of Shareholders, Supervisory Board and Board of Directors. The General Meeting of Shareholders is the highest internal governing body of the Bank and elects members to the Supervisory Board, which is responsible for supervising the Board of Directors. The Supervisory Board appoints the members of the Board of Directors, which is the executive body of the Bank directly responsible for day-to-day operations.

Shareholders' structure

the shareholding structure as of 31.12.2025

Owners	Ownership interest, %
Sheikh Nahayan Mabarak Al-Nahayan	80%
Sheikh Mohamed Butti Alhamed	15%
Investment Trading Group LLC	5%
	100%

Shareholders' rights

The shareholders of the bank have the following rights:

- Attend or be represented at the general meeting of shareholders (Personally or through a proxy) and participate in the voting procedure, express own views regarding issues of the agenda, ask questions and raise suggestions.
- Participate in the distribution of profit and receive dividends based on the decision of the General Meeting of Shareholders.
- Request clarification of issues in the agenda of the General Meeting, as well as explanations regarding each of the agenda items.
- Dispose their own shares in accordance with the legislation and the Charter of the Terabank.
- In case of liquidation of the Bank to receive the portion of the assets of the Bank or their value remaining after repayment of the creditor's claims pro rata to their shares.
- in cases provided by the law, to request the Bank to redeem the shares they hold.

- To familiarize with the documents of the bank in accordance with the law and receive copies of them on paper or in electronic form, if the shareholders have given prior consent to receive information by electronic means.
- To request the Board of Directors to make copies of transactions made on behalf of the Bank. The Board of Directors is entitled to, due to the interests of the Bank and/or due to legislative contractual restrictions, refuse to provide such copies/information.
- convene an extraordinary general meeting in cases provided by the law.
- request the addition of an issue to the agenda of the general meeting in accordance with the rules established by the law.

Shareholders or a group of shareholders holding five (5%) or more percent of the share capital are entitled to:

- Request the special audit of the Bank's economic activities or complete annual balance sheet, implemented by the specialist with the relevant knowledge and experience, selected by the Shareholders. Such request shall be submitted in written form to the general meeting of shareholders.
- request an extraordinary meeting of the Supervisory Board.

Shareholder Engagement

The decision about calling the General Meeting of Shareholders is made by the Chief Executive Officer. If the Chief Executive Officer does not fulfil its duty and does not convene a general meeting, the supervisory board is obliged to convene a general meeting.

An ordinary general meeting of shareholders shall be convened by Chief Executive Officer annually, within 3 months following the completion of the annual audited financial report.

An extraordinary general meeting of shareholders shall be convened by the Chief Executive Officer at the written request of the shareholders, holding at least 5% of the bank's shares. The decision to convene a general meeting must be published within 10 days after receiving such request. The written request of the shareholder/shareholders to convene the General Meeting shall indicate the necessity, purpose, and reason for convening the General Meeting, as well as its agenda reflecting all issues requested by shareholder/shareholders.

Decision to convene a general meeting should be published on the electronic portal of the registering body and on the bank's website at least 21 days before the date of convening the general meeting.

Each subsequent general meeting may be convened earlier than the minimum term specified above, if the general meeting is convened due to the lack of quorum required for convening of the first General meeting, the first General meeting has been convened in accordance with the rules established by the legislation of Georgia and no issue has been added to the agenda. In that case there must be an interval of at least 10 days between the dates of the General meeting and the next General meeting.

The general meeting of shareholders is authorized to make decisions if a quorum is constituted. A quorum is constituted if a meeting is attended by the holder(s) of more than half of the voting shares or representatives thereof. If the general meeting of shareholders is inquorate, a new general meeting of shareholders shall be convened by the Chief Executive Officer in compliance with the rules set by the paragraphs above with the same agenda and with the period determined by Chief Executive Officer. The general meeting of shareholders shall be quorate if attended by the holder(s) of at least 25% (twenty-five percent) of the voting shares.

The general meeting of shareholders shall be presided over by the chairman of the supervisory board or in his absence by any member of the supervisory board elected by General meeting of shareholders by simple majority of votes. If the chairman of the general meeting has a conflict of interest with the matter under consideration, the meeting shall be chaired by another member of the supervisory Board.

General Meeting of Shareholders shall be authorised to take decisions on the following issues:

- Approving and changing/amending (including authorized capital, company name, etc.) Charter of the Bank.
- Reorganization of the bank.
- Winding up of the bank, the appointment of a liquidator, the approval of interim and final liquidation balances.
- Authorization of redemption of shares by the bank.
- The alteration of the subscribed capital.
- Determining the composition of the Supervisory Board, the number of the members, their election recall, the amount of remuneration and the structure.

- Approval of the bank's audit report.
- Approval of the financial report and distribution of dividends.
- Making decision on the participation in court proceedings against the Supervisory Board and the Board of Directors members, to appoint its representative for the above action.

Supervisory Board

The supervisory board consists of five members. None of them is also a member of the Board of Directors. On 31 December 2025, three out of five Supervisory Board members were independent members. The supervisory board is appointed by the General Meeting of Shareholders. Information about Supervisory Board Members' professional experience as at 31 December 2025 is given below:

H.H. Sheikh Nahayan Mubarak Al Nahayan (Chairman)

His Highness Sheikh Nahayan Mubarak Al Nahayan is the Minister of State for Tolerance, being a member of the Federal Government of the United Arab Emirates since 1992.

Initially, he was the Minister of Higher Education and Scientific Research and has headed the Ministry of Culture, Youth and Community Development since 2013; then Minister of Culture and Knowledge Development from 2016 to 2017.

In 1983-2013, His Highness Sheikh Nahayan was the Chancellor of the United Arab Emirates University and held the same post at the Higher Colleges of Technology in 1988-2013. Also was the Chancellor of Zayed University.

He has been a Chairman of United National Bank (UNB, Abu Dhabi, UAE), Chairman and director of United Bank Limited (Pakistan), Chairman of Bank Alfala.

His Highness Sheikh Nahayan studied in the United Kingdom. He attended the Millfield School and Magdalen College at the Oxford University. He has obtained numerous degrees at a variety of universities around the world.

Abhijit Choudhury (member)

Abhijit Choudhury is a member of the Supervisory Board of Terabank starting from 2022. He also holds the position of Independent Non-Executive Director on the Board of ABC Islam

Bank in Bahrain and **RAKBank PJSC** (UAE) is founder of Athena Advisory Limited, a platform for bankers, regulators and investment professionals.

Abhijit has a background of more than 40 years in the banking sector. This period covered careers with ANZ Grindlays Bank in India, Arab Banking Corporation in Bahrain, National Bank of Abu Dhabi in the UAE, and finally with the Central Bank of the UAE. During this period, he has held various management and board level positions. Specifically, some of his responsibilities were as Group Chief Risk Officer and interim CEO at National Bank of Abu Dhabi (NBAD), Group Chief Risk Officer at First Abu Dhabi Bank, and Advisor to the Governor of the Central Bank of the UAE. Abhijit has also held Board positions at NBAD subsidiaries.

Abhijit holds a master's degree in economics from the Jawaharlal Nehru University, New Delhi, India.

Seit Devdariani (independent member)

He has a 15-year international experience of working in non-banking financial institutions and managing financial projects. He has been a Shorbank Consulting Company Manager in Georgia, Advisor (Kazakhstan), Risk Director (Azerbaijan), CEO of SOAKredit (Azerbaijan), CEO of Belarus Bank of Small Businesses, Deputy CEO of Belarus Public Bank.. He graduated from Indiana University Business School – MBA in strategic management, as well as Pennsylvania University specialized in Banking and also American University of Banking (Washington), specialized in Financial Management of Banks.

Nana Mikashavidze (independent member)

Nana Mikashavidze has been an independent member of the Supervisory Board at JSC Terabank since 2019, bringing over 20 years of diversified experience within the Georgian financial sector. Her expertise spans executive leadership and strategic advisory capacities, underscored by a profound understanding of portfolio management and risk assessment.

In her role as Founding Director at Wizard Ltd, Nana has driven transformative leadership and strategic operational enhancements by providing consulting for IT company Azry, Crystal MFO among others. Her consulting also covered an interim Financial Manager role at Raymann Clinic where she optimized financial activities and significantly improved company performance through strategic guidance. She also served as a local expert for Policy

Management Consulting Group (PMCG) for a GGF-supported project, "Designing a legislative framework and market approach for leasing financing services in Georgia," fostering a robust and sustainable foundation for leasing financing services within the region.

Nana's deep commitment to strategic partnerships and policy impact is evidenced by her consultancy work on key projects with the International Organization for Migration (IOM) and ICCA Georgia, enhancing project outcomes and stakeholder engagement. Her expertise also extends to significant policy discussions, having played a pivotal role in developing leasing laws in Georgia and managing impactful initiatives at Finance in Motion GmbH, where she directed a EUR 200 million investment portfolio focusing on green financing and fintech.

Throughout her career, Nana has held numerous significant roles, including Chief Executive Officer at JSC TBC Leasing, Director of the Georgian ICT Cluster, Investment Manager at Finance in Motion GmbH, Deputy Corporate Banking Director at TBC Bank, and Deputy Country Manager at Shore Bank Advisory Services. Recently, she served as the Dean of the Business School at Alte University, emphasizing the integration of practical business leadership with academic rigor.

Nana holds a Bachelor of Business Administration from the European School of Management, Tbilisi, Georgia, and continually enhances her professional development through participation in advanced training programs.

Teona Mikadze (Independent Member of the Supervisory Board)

Teona Mikadze has served as an independent member of the Terabank Supervisory Board since September 2023, contributing her 20 years of experience in financial services, both in executive and advisory roles.

In addition to her board membership, Teona is the Founder and Lead Advisor at Tara Consulting, where she assists companies with growth through strategic planning, customer insights, value proposition design, strategic marketing, business development, and sustainability strategies. She is also a Senior Consultant at EBRD's Green Economy Financing Facility in the Caucasus region.

Teona's career includes roles such as a Senior International Consultant in green and inclusive finance projects for EBRD, EIB, and GGF in Eastern Europe, Caucasus, and Central Asia. She has also held positions as the Director of Premium Banking division (SOLO Banking) at Bank of Georgia, Head of the Marketing Department at TBC Bank and ProCredit Bank.

From 2014 to 2017, Teona led Terabank's strategic planning project as an external advisor and played a key role in overseeing a comprehensive rebranding initiative.

Teona holds Bachelor's and Master's degrees from the Faculty of International Economics at the Technical University of Georgia, along with a Master's in Business Administration (MBA) from IE Business School in Spain. She also has certificates from numerous executive education courses.

Role of Supervisory Board

The supervisory Board of the bank is actively engaged in day to day activities of the bank. The Board receives information and gives approval with regard to bank's financial performance and other important issues related to bank's activity on a monthly basis.

13 supervisory board meeting had been convened during year of 2025. The issues discussed included: attracting financial facilities, approving significant transactions, approving financial performance of the bank, approving annual budget, discussions of various kind of strategies and etc.

Competence of Supervisory Board

The Supervisory Board competence include the following:

- Appointment and dismissal members of the Board of Directors, executing and terminating contracts with them.
- Discussion on Annual financial results and Profit distribution.
- Approval of the annual budget.
- Approval of the Bank structure.
- Appointment and dismissal of audit committee members.
- Electing and approving external auditor.
- Approving profit and loss plan as well as the investment plan.

The following activities may be carried out by consent of the Supervisory Board only:

- Establishment of a new company or purchase of a share in an existing company.
- Making decisions to purchase, sell or exchange assets, if the value of such assets exceeds 10 000 000 (ten million) GEL;

- Making investments, if the value of such agreement exceeds 10 000 000 (ten million) GEL;
- Commencement of new bank activities or termination of existing activities;
- Taking loans and credits if the value of such agreement exceeds 10 000 000 (ten million) GEL;
- Provision of securities for the credits and loans if they are beyond the daily operation framework of the bank;
- Appointing and dismissing General Trade Representatives (procurator);
- Making decisions about establishment and liquidation of branches, divisions (service centres/service desks);
- Setting remuneration and/or additional benefits for the members of the Board of Directors and other managers appointed by the Supervisory Board;
- Determination and approval of inner policies for credit, investment, currency, assets and liabilities management, assets evaluation, their classification, adequate reserves creation for possible losses;
- Redemption of the shares issued by the Bank in the cases established by the legislation;
- Making decision to place shares and other securities of the Bank on the share exchange market;

Supervisory Board Induction

During appointment, each Supervisory Board member receives information about the role of the Supervisory Board, Board of Directors and board Committees and the powers delegated to these Committees. The new member is also advised of the legal and other duties. The independent members of the Supervisory Board upon appointment participated in the training regarding their rights and obligations. If requested, the Bank promotes on acquiring additional professional qualifications by the members of the supervisory board. The Bank also ensures that all the Supervisory Board members have access to the advice of Departments, as well as independent professional advice, at the Bank's expense, on any matter relating to their responsibilities.

Supervisory Board Diversity

Diversity of skills, backgrounds, knowledge, and experience is important for the Supervisory Board to effectively govern the business. The Bank believes that its size and composition, as well as the size and composition of the Bank's Supervisory Board are appropriate. Each of the Bank's Supervisory Board members occupies, and/or has previously occupied senior positions in different directions of business, in different countries. When making each decision, all the

above-mentioned gives the Supervisory Board the opportunity to rely on the personal and varied experience of the Supervisory Board members. The number of independent members on the Supervisory Board exceeds that of non-independent members, thereby ensuring the ability to make independent and objective decisions. There are three independent members at the Board: Mr. Seit Devdariani, Mrs. Nana Mikashavidze and Mrs. Teona Mikadze. Their independence was assessed during their appointment, and they fully complied with independency requirements set by National bank and Terabank's internal regulation.

There had not been any changes in that regard as of December 31, 2025, and all of them fully qualified under the independence criteria.

Women currently represent 40% of the Board's composition.

Audit Committee

The audit committee is established under the Supervisory Board. The committee is composed entirely of independent members. Three Independent members of the committee are Nana Mikashavidze (Chairman), Seit Devdariani , and Teona Mikadze. Competence of the audit committee includes:

- Development of the internal audit functions, organization and monitoring of the Internal Audit department activities.
- Development of staff schedule of the Internal Audit department and submit it for approval of the Supervisory Board.
- Consideration of the issue of appointment and dismissal of the Head and Deputy Head of the internal audit department and submission to the Supervisory Board for approval.
- Ensuring presence of adequate resources for the Internal Audit department and proper remuneration and motivation systems for the members thereof;
- Evaluation of quality and efficiency of the Bank's reporting and accounting records, inner control, management of risks and management systems and processes through the Internal Audit department.
- Consideration and approval of the quarterly activity plans of the Internal Audit Department for each fiscal year; Contribution to the external audit activities.

The Audit committee meets on quarterly basis. During 2025 the committee meetings had discussed internal audit plans, approving recommendations prepared by internal audit, supervising performance of internal audit etc.

Risk and compliance Committee

The risk committee is composed entirely of independent members. Three independent members of the committee are: Seit Devdariani (Chairman), Nana Mikashavidze and Teona Mikadze. Competence of the Risk and compliance committee includes:

- Discuss all risk strategies and make recommendations to the supervisory board thereon, and on the bank's overall current and future risk appetite;
- Reports on the state of risk culture in the bank and reviews the bank's risk policies
- Oversee that management has in place processes to promote the bank's adherence to the approved risk policies;
- Cooperates and monitors the activities of CRO.

- Provides recommendations to the Supervisory board regarding the risk strategies and effectiveness of the policies, including distribution and keeping adequate level of capital for identified risks.
- Monitors strategies for capital and liquidity management, as well as all other types of risks, to ensure adequacy with the risk appetite.
- reviews and approves the Compliance Risk Management Program, which establishes the framework and requirements for managing compliance risk for the Bank.
- receives reports on compliance matters, including regulatory examinations and any significant issues.
- receives reports on the Bank's compliance with applicable laws, rules, and regulations, and any significant issues in this context. Cooperates with the Audit Committee to evaluate the recommendations of internal and external auditors and to monitor the implementation of appropriate measures.

The following issues were discussed during risk and compliance committees held during 2025: discussion of bank's risk profile, discussion of the loan portfolios, discussions and approval of various risk related policies.

Evaluation of the Board, its committees and members

JSC Terabank engaged an independent external advisor to assess the effectiveness of the Supervisory Board and its Board-level committees. The most recent external evaluation covered the period 2023–2025 and was based on a review of internal documentation, minutes of the Supervisory Board and committee meetings, responses to structured questionnaires completed by Supervisory Board members, and a benchmarking analysis against the Corporate Governance Code for Commercial Banks of Georgia, the European Banking Authority (EBA) Guidelines on Internal Governance, and relevant international best practices.

The assessment encompassed five key areas: (i) the effectiveness of the Supervisory Board self-assessment framework; (ii) the roles and responsibilities of the Supervisory Board; (iii) the functioning of Board-level committees; (iv) the organizational and governance structure; and (v) cooperation with the Bank's internal control functions.

The results of the external evaluation indicate that the Bank's governance framework is largely aligned with regulatory expectations and established market practices, with the overall maturity assessed at a "Managed" level.

The assessment also identified several areas for further improvement. The Bank will take these recommendations into account as part of the ongoing development and enhancement of its corporate governance framework.

In addition to the external evaluation, the Supervisory Board conducted its annual internal self-assessment for 2025, covering both the Supervisory Board and its committees, in accordance with the Bank's internal guidelines and the requirements of the Corporate Governance Code for Commercial Banks of Georgia.

According to the aforementioned self-assessment::

- The Board members have appropriate expertise and experience to meet the best interests of the Bank;
- The Board Members spend sufficient time to: a) attend the meeting of the board, b) understand the vision, mission of the Bank and strategic and business plans, financial reporting risks and related internal controls and c) provide critical oversight on the same.
- The Board members understand the legal requirements and obligations under which they act as a Board, i.e. bylaws, Charter, and discharge their functions accordingly.
- The board members comply with the fit and propriety requirements set by legislation; independent board members comply with the respective independence requirements set by legislation and internal regulations;
- The board has an appropriate combination of industry knowledge and diversity.
- The Board has the proper number of committees as required by legislation and guidelines, with well-defined terms of reference and reporting requirements.
- The Board Meeting Agenda and related background papers are concise and provide information of appropriate quality and details.
- The processes are in place to ensure that the board is kept fully informed on all material matters;
- Frequency of Board meeting is adequate and there is Adequacy of attendance and participation by the Board members at the board meetings;
- The minutes of Board meetings are clear, accurate, consistent, complete and timely;
- The Board has approved comprehensive policies and procedures for smooth conduct of all material activities by Bank;
- The Board is well informed on all issues (short and long-term) faced by the Bank;
- The Board Committees are appropriately constituted;
- The Composition and terms of reference for the committees are appropriate (legal requirement) with clearly defined roles and responsibilities;
- The reporting by the Committees to the Board is sufficient;
- The Committees takes effective and proactive measures to perform its functions;
- The Committees meetings have been organized properly and appropriate procedures have been followed in this regard;
- The frequency of the Committee meetings is adequate;
- The Committees periodically reports to the Board along with its suggestions and recommendations.

Board of Directors of the Bank

As at 31 December 2025, the board of directors of the bank consists of the following members:

- Thea Lortkipanidze - CEO,
- Sophie Jugeli - Financial Director,
- David Verulashvili - Commercial Director,
- Temur Abuladze - Risk Director,
- Vakhtang Khutsishvili - Operating Director.

The banks' day-to-day activities are carried out by the Board of Directors. Its members (directors) are appointed by the supervisory board for the term not exceeding 4 (four) years. After expiration of this term, the authority of the Directors shall be extended until the new Directors are appointed by the Supervisory Board. The reappointment of the Director is unlimited. Director can be dismissed by the Supervisory Board at any time.

The representation power of the Bank is granted to the member of the Board of Directors – directors, who are registered in the entrepreneurial register.

When Chief Executive Officer is absent, one of members of the Board of Directors is authorized to act for and on behalf of the Chief Executive Officer by virtue of a power of Attorney or another document issued by Chief Executive Officer on behalf of the Bank.

The Bank's Board of Directors shall:

- Conduct and carry out the Bank's current activities;
- Review all items prior to putting them on the agenda of the general meeting of shareholders or supervisory board meetings, obtain all the necessary information, prepare proposals and recommendations in respect of the issues on the agenda;
- Supervise lending, settlements, financing, cash services, security, accounting and reporting of cash and valuables of the Bank, internal controls and accounting, ensure that the Bank provides proper service to the customers and supervise other major activities of the Bank;
- Supervise the functioning of the Bank's branches and service centers, ensuring that the managers of such branches and service centers fulfil their tasks and functions;
- Review the information obtained from internal audit or external inspections as well as the reports submitted by the branch managers and heads of the service centers, and make appropriate decisions based on the above information;

- Ensure the fulfilment of resolutions made by the general meeting of shareholders and supervisory board;
- Develop policies, office rules and any other regulations, which are approved by the supervisory board and ensure compliance with such policies, rules and regulations;
- Decide on the issues of selection, dismissal, training and remuneration of staff;
- Deal with any other issues assigned to the Board of Directors (or its individual members) by the supervisory board and/or the general meeting of shareholders;
- Carry out any other activity required for attaining the Bank's goals, except for the functions imposed on the general meeting of shareholders or the supervisory board.

Meetings of the Board of Directors may be held via telephone or video conference calls.

The member of the Board of Directors is not authorized to participate in any consideration or decision making related to any subject or transaction, in which a member has a conflict of interests against the Bank.

Board of Directors make decisions by majority of votes. In the case of equal votes, the Chief Executive Officer exercises the decisive vote right. Meeting of Board of Directors is called/convened by the Chief Executive Officer or with the initiative of another member of the Board of Directors. The Chief Executive Officer sets the agenda and chairs the meeting. The minutes of the meeting of Board of Directors are drawn up and signed by the Chairman of the meeting. Members of the Board of Directors are entitled to raise the issue to the Chief Executive Officer to be included in the agenda.

Responsibilities of the members of the Board of Directors

CEO is the head of Board of Directors. Departments responsible directly to her include Marketing and PR, •Legal, Corporate governance and Regulatory compliance Department, Financial monitoring and Security Departments also leasing direction, HR and process administration.

The responsibility of the **commercial director** covers corporate banking, MSME Banking, retail banking, call center, product development, Auto loans department and branch network management.

The following units operate under the **risk director**: credit risks analysis, portfolio risks and analysis, controlling, credit administration, operational risks and IT security, collection and recovery, also real estate and movable property expert evaluation unit.

Operating director's responsibility is Analysis & Reporting, operations, bank cards, IT, logistics, procurements, documentation management, digital transformation and project management.

The following units operate under the control of the **financial director**: Financial Accounting and Analysis Department, Financial Risks & Reporting Department and Treasury.

Qualifications of the Members of the Board of Directors

The board of directors consists of highly qualified people, equipped with relevant skills and education for their positions.

CEO - Thea Lortkipanidze

She has been holding the position of Chief Executive Officer of JSC Terabank since May 2014. She has extensive work experience in financial institutions. In 2008-2013 she was Chief Risks Officer of TBC Bank. In 2007-2008 she was Deputy Chief Risks Officer and in 2004-2006 – CEO of TBC Leasing. At various times she was the member of the Supervisory Board of Credit Info Georgia, Micro-Finance Company “Credo”, TBC Leasing and Real Estate Management Fund. She also served as the President of Leasing Association of Georgia. In 1993-2003 Thea worked at various positions at the TBC Bank.

In 1988-1993, Thea studied and graduated from Tbilisi State University, faculty of Engineering Economics. In 1999-2000 she continued studying for her Master's Degree at ESM and in 2008-2013 she successfully graduated from Banking School of American Business Association.

Risk director - Temur Abuladze

Temur Abuladze has been the Chief Risks Officer of Terabank since January 2015. He joined the team in November 2014, as an acting Chief Risks Officer. He has 15 years' experience in banking and finances. In 2009-2014 he oversaw the risks management at Liberty Bank and in 1999-2006 he worked at the Bank of Georgia in the sphere of credit risks management at various positions including the position of credit risks analyst (1999-2000), Manager of Credit Risks Analysis Unit (2000-2001) and Deputy Director of Credit Risks Management Department (2001-2006). In 2006-2009 Temur worked at “Geopromining Group”, which owned the enterprises in mining industry in Georgia (JSC “Madneuli and LTD Kvartsiti”) and Armenia. In 2007-2009 he was the Chief Financial Officer of the JSC “Agaraki Copper-Molibden Combine”.

Temuri holds a Master's Degree in Economy from Tbilisi State University.

Commercial director - David Verulashvili

David Verulashvili was appointed as Chief Commercial Officer of Terabank in November 2020. His extensive career in banking began in 2000 at MBG Bank (ProCredit Bank) where he held positions of Team Leader, Senior Loan Officer and Head of Credit.

In 2003, he transitioned into a new role at ProCredit Bank where he was initially Head of Credit of the central branch and later acting Branch Manager.

From 2006 to 2008, David Verulashvili was the Deputy Head of Corporate and Investment Banking at the Bank of Georgia. Following this role, he moved back to ProCredit Bank as Head of Corporate Banking. A year later, he moved to Liberty Bank where he worked for 11 years, initially as Deputy Head of Corporate Banking and Trade Finance, and later, from 2013 onwards, as Deputy CEO and Head of Corporate Banking.

David earned his master's degree in informatics and enterprise management from Tbilisi State University in 2001.

Operating director - Vakhtang Khutsishvili

Vakhtang Khutsishvili was appointed as Chief Operating Officer of Terabank from October 2014. In 2013 he worked at the Bank Republic, as a Head of Central Back Office service and in 2009-2013 he was in charge of Planning and Controlling Department of Liberty Bank. In 2009 he was in charge of Banking Channels Development Department of Liberty Bank. In 2005-2008 he held several prominent positions across various departments. In 2003-2005 he was the Financial Manager of the company – “Cardio-Express”.

Vakhtang is the Master of International Business Management of Tbilisi State University of Ivane Javakhishvili. In 1998-2002 he also studied at Tbilisi State University of Ivane Javakhishvili and has the Bachelor's Degree in Organizational Management and International Economic Relations.

Financial director – Sophie Jugeli

Sophie Jugeli was appointed as the Chief Financial Officer of Terabank in August 2016. She joined the team in April, 2015 as the Deputy CFO. Sophie has many years of experience at

financial management positions. From 2001 she held different positions at TBC Bank, including Chief Accountant, Head of Strategic Planning and Control Department, Head of Financial Department and Deputy Chief Financial Officer. Sophie manages Treasury, Financial Accounting and Analysis, and Financial Risks and Reporting Departments. She is also in charge of relations with international financial institutions.

Sophie Jugeli holds MBA from ESM and MA in Physics from Tbilisi State University.

Code of Ethics

The Board of Directors has approved and implemented the Ethics Policy for Terabank's staff. The policy is designed to govern internal and external business relations, adhering to universally recognized standards of conduct and business ethics norms. The Code of Ethics is based on the Bank's core values. The Code consists of provisions which define the personal responsibility of each employee. It covers most of the issues that may arise during daily work.

Adherence to high ethical standards described in the Bank's Code of Ethics is very important, since unethical behavior may damage the Bank's reputation or even result in harmful lawsuits. This will hinder the Bank's growth and profitability prospects, reduce trust to the financial services industry as a whole and may even reduce the growth of an economy.

The Code of Ethics is the Bank's policy of professional, honest and fair actions, which is in line with the Bank's corporate culture, applicable laws and the Bank's internal regulations. The Bank communicates on an equal and non-discriminatory basis with employees, clients and third parties - regardless of race, nationality, religion, citizenship, marital status, sex, sexual orientation, age and/or disability. The Code of Ethics requires employees of the Bank to adhere to high professional standards. It is their personal responsibility to know law and the Bank's internal rules and regulations that apply to the activity of their structural unit. All employees must ensure that their work environment is free of violence, discrimination and unethical practices. The Bank recognizes staff members' individuality and wishes to offer equal opportunities. The staff recruitment, assessment and award system is implemented, according to staff qualifications, merits and performance. The Bank respects each employee's personal life, social consciousness and religion.

Compliance with the rules of conduct determined in the Code of Ethics is the responsibility of the Department of Human Resources and Process administration. If an employee breaches any of the Bank's Code of Ethics provisions, he/she may face disciplinary actions, including termination of employment.

Risk management

Management of risk is fundamental to the business of banking and forms an essential element of Bank's operations. Risk management policies aim to identify, analyze and manage risks faced by Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, regulations, products and services offered and emerging best practice. Bank has developed a system of reporting on significant risks and capital.

Bank identifies and manages following risks related to its business:

- **Credit risk**- arises from the possibility that counterparty to a financial instrument may fail to meet its contractual obligation and this failure may cause a loss to Bank. Credit risk arises as a result of the Bank's lending operations and other similar transactions.
- **Market risk**- is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risks. Market risk mainly arises from open positions in interest rate financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.
- **Liquidity risk**- arises from the mismatch of the maturities of liabilities and assets. This mismatch could impact the availability of sufficient funds to meet deposit withdrawals and other financial commitments tied to financial instruments as they actually fall due.
- **Operational risk**- is the risk of loss arising from systems failure, human error, fraud or external events (such as cyber-attack risks, etc). Such events and/or failure may cause damage to bank's reputation, have regulatory or legal implications, may result in financial losses.
- **Regulatory & Compliance Risk**- is a risk that Bank may not act in compliance with existing regulations, laws and agreements and may incur financial loss as part of such non-compliance.
- **Macroeconomic risk**- arises from the possibility that any adverse developments at country, regional or global level (such as fluctuation in commodity prices, increase in unemployment, decrease of GDP of a major trade partner, etc.) may have a negative impact on Bank's performance.
- **Reputational risk**- is the risk of any adverse stakeholder and public perception about the company that may negatively impact the Bank's customer retention and attraction efforts, potentially leading to litigation and regulatory actions.

The Bank has approved risk management policies, procedures and established governance structures to effectively handle these risks.

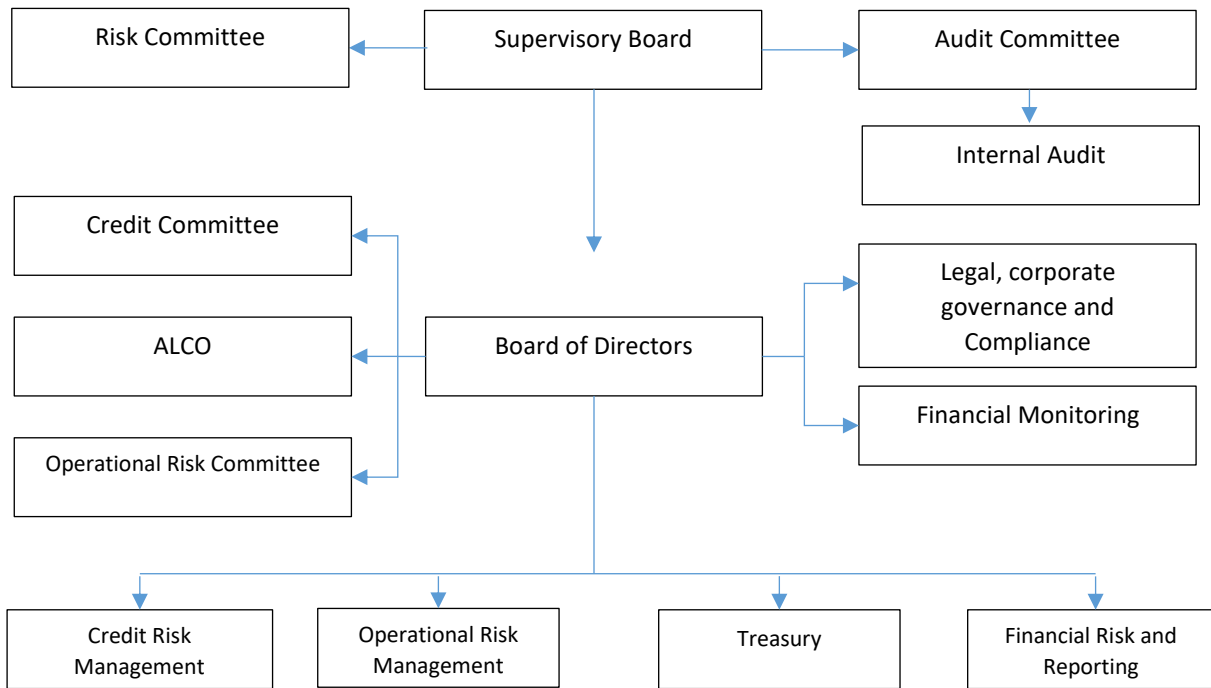
Supervisory Board has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures. Supervisory Board uses internal audit process to monitor execution of risk management framework and compliance with respective policies and procedures. Supervisory Board ensures that risk mitigation procedures are in line with Bank's strategy to focus on Micro, SME and Retail segments. Supervisory Board monitors risk management process and implementation of risk policies and procedures via regular meetings and reporting, where different risk measurement data are presented.

Board of Directors is responsible for implementing overall risk culture within the organization, monitoring and implementing risk mitigation measures, and ensuring that Bank operates within established risk parameters. Board of Directors presents to the supervisory board or approves independently, within its delegated authorities, risk related policies and procedures. Board of Directors is responsible for aligning risk strategy with Bank's overall strategy. Board of Directors controls risk related issues via various reports and committee meetings where risk related topics and performances are related.

Risk Director is responsible for the overall risk management functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Chief Executive Officer and indirectly to the Board of Directors.

In addition to risk directorate, several departments within the bank are engaged in managing risks in their specific areas.

Chart below shows overall risk management structure at enterprise level:



Board of Director’s committees

To execute policies and procedures established by Bank and execute its risk strategy, Board of Directors has established several committees:

Credit Committee is engaged in supervising, managing and approving credit exposures to Bank’s retail, MSME, corporate and private banking clients. Credit Committee comprises of different members from risk and respective business functions. Loan proposals are initiated at branch / front office level and are then forwarded to respective committees for approval. Bank established different levels of credit committees that are responsible for approving credit limits for borrowers.

All business loans are approved by respective credit committees, based on the amount of loan, after loan proposals are analyzed. Loan limits are set at levels ranging from individual risk manager to credit committee chaired by CEO and attended by management.

For retail loans, only exposures less than GEL 30,000 may be approved at branch level and should meet pre-determined criteria set by credit risk and portfolio analysis department. For business loans, only exposures less than GEL 10,000 may be approved at branch level. Other loan applications are forwarded for approval to their respective credit committees.

In some cases loans may be approved by Supervisory Board- if the borrower is related party or if the loan terms deviate from limits delegated by Supervisory Board to Board of Directors.

Loan approval limits are reviewed annually and are changed if necessary.

Assets and Liabilities Committee (ALCO) is engaged in managing and supervising market risk, liquidity risk, interest rate risk, and capital risk. ALCO sets and monitors compliance with external or internal liquidity requirements, plans future cash flows, predicts capital adequacy in line with expected growth in assets and profitability, sets limits to manage interest rate risk, currency risk, and market risks. ALCO comprises of financial risk and reporting department heads, heads of businesses and bank's top management. ALCO meetings are held regularly.

The Operational Risk Committee is engaged in supervising and managing operational risks. It sets framework for operational risk management, sets controls for effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. The Operational Risk Committee consists of operational risk department employees and members of the Board of Directors.

In addition to these committees, the Board of Directors conducts meetings on various risk-related subjects where issues are discussed overall (enterprise), product or business level.

Information Technology Committee – composed of members of the Board of Directors, project management staff, and employees from the Information Technology Management Department. It is charge of the implementation of the Bank's information technologies or projects related to them.

Risk Management Structure

Bank has established structural units that monitor compliance with risk procedures and policies and implement them. These units are: Credit Risk and Portfolio Analysis Department, Operational Risk Department, Controlling Department, Collection and Recovery Department, Treasury Department, Financial Risks and Reporting Department, Legal and Compliance Department, Financial Monitoring Department. The Legal and Compliance Department and Financial Monitoring Department report directly to CEO, Credit Risk and Portfolio Analysis Department, Operational Risk Department, Controlling Department and Collection and Recovery Department report to Risk Director (CRO), Treasury Department and Financial Risks and Reporting Department report to Finance Director (CFO). Each of these units focuses on their particular area of risk mitigation.

- **Legal, Corporate governance and Regulatory compliance Department** is engaged in mitigating legal and compliance risks of the Bank, either in the form of participation in litigation processes or by setting internal procedures and policies to ensure that Bank remains compliant with legal and regulatory requirements.
- **Financial Monitoring Department** is engaged in mitigating risks associated with customer and transaction identification, their compliance with regulatory requirements and international rules.
- **Treasury Department** manages open currency position of the bank, liquidity-related, market and interest rate risks and uses respective financial instruments and limits to mitigate them.
- **Financial Risks and Reporting Department** manages risks related with various financial elements and provides reporting and monitoring tools to manage various types of financial risks.
- **Credit Risks Analysis Department** monitors and mitigates credit-related risks to various non-financial counterparties, supports Board of Directors with credit-related reporting.
- **Portfolio Risk Analysis Department** is responsible for the establishment of loan loss provisions, preparation of comprehensive risk reports for senior management, formulation of the credit risk budget, and execution of various stress testing scenarios.
- **Operational Risks Department** monitors risks related to operations on a daily basis and implements the rules and procedures established by the Operational Risk Committee and relevant policies within the bank.
- **The Information Security Department** monitors risks related to the bank's IT systems and data security on a daily basis, and implements and oversees the rules and procedures established in accordance with the Information Security Committee and

approved policies.

- **Controlling Department** monitors compliance with credit risk policies and procedures, provides independent on-site opinion on implementation of risk mitigants set by Board of Directors, Credit Committee and Credit Risk and Portfolio Analysis Department.
- **Collection and Recovery Department** manages Bank's higher risk assets and mitigates credit-related risks via active asset management, ensures compliance with Bank's credit, legal and compliance policies for this customer segment.

Credit risks

To mitigate Credit Risk, the Bank has established a number of procedures and policies that address particular areas of credit risk:

- The Bank has in place limits that manage exposures on an individual and group level (maximum limits per borrower and group), on a sectoral level (limits are set for maximum exposures in particular sectors, these limits are linked to Bank's portfolio size and capital), on a product level (several products have their own limits expressed in GEL). These limits, set by Supervisory Board and Board of Directors and are monitored by Credit Risk and Portfolio Department. These limits are in addition to the mandatory regulatory limits. They are reviewed periodically, at least once per year.
- Bank accepts collateral as a tool to mitigate its credit risk. Policies and procedures are established for evaluation, pledge and monitoring of the collateral. The Bank accepts following types of collateral: residential real estate, commercial real estate, land plots, machinery and equipment, vehicles, corporate and personal guarantees, guarantees from other financial institutions, deposits/CDs, precious metals. For each type of collateral, specific discount rate, evaluation specifics, monitoring procedures are set. Normally, evaluation is performed by Bank's professional internal evaluators, but well-established external companies may be used.
- Collaterals is periodically re-evaluated based on its type and the loans status, for higher-risk exposures, re-evaluations are performed more frequently. Collateral evaluation is performed by designated unit within Credit Risk and Portfolio Analysis Department.
- The bank currently does not employ internal credit models. Credit ratings by Credit Info Georgia are used in loan approval process, primarily for retail exposures. Credit ratings from agencies such as Fitch, Moody's or Standard and Poor's are used to assess the credit risk of claims or contingent claims on banks.

- As part of its risk mitigation process and regulatory requirement, the bank conducts stress tests on its assets (credit exposures, open currency exposure, depreciation of assets, etc.) according to scenarios provided by NBG. Using stress-test models, the bank determines the potential additional losses resulting from various macroeconomic factors worsening. The scenarios includes the following parameters: national currency devaluation relative to US dollar, decrease in interest rates, increase in operational costs, worsening of credit portfolio quality, decrease in prices on real estate market. Depending on the listed parameters, possible change in liquidity position and profit or loss effects are determined, which eventually is reflected in the calculation of capital adequacy. Results of the stress test are discussed by Board of Directors.
- Starting from January 1, 2018, the bank adopted a new loan provisioning policy that meets the requirements of IFRS 9 standards . New model was developed with the help of external consultants (KPMG). The new model is more sophisticated compared to previous model. Bank calculated Expected Credit Loss by incorporating following components into calculations: Probability of Default, Exposure at Default, Loss Given Default. The new model also allows to incorporate macroeconomic scenarios into Expected Credit Loss calculations. Periodic amendments are made to the methodology, in order to ensure provisions better reflect the risk level of the Loan Portfolio.
- Risk reporting is performed by designated team within Credit Risk and Portfolio Analysis Department. Reporting includes periodical reporting to Supervisory Board and Board Directors where various risk measurements are presented and discussed, as well as ad hoc reporting on any risk-related topic. Risk reporting is performed in collaboration with other similar units of Bank.

Operational Risk Management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, human actions, systems, or from external events. This definition includes risks related to fraud, information technology and cybersecurity, legal issues, reputation, and outsourcing.

The bank operates under an operational risk management policy based on the requirements of the standardized approach and in compliance with the regulations of the National Bank of Georgia. The objective of the policy is the early identification of operational risks, analysis of their causes, and prevention of recurring losses.

The main tools of operational risk management are:

- **Incident Database** – The bank systematically records all incidents related to operational risks, analyzes them, and uses the data to plan preventive measures.
- **Key Risk Indicators (KRI)** – These support the monitoring of risk trends and the early identification of potential risks.
- **Analysis of New Products and Processes** – The bank performs pre-assessments of new services and processes to identify and prevent risks. To mitigate operational risks, the bank has implemented policies, procedures, and control mechanisms that focus on various types of operational risk:
- An **operational risk management framework** is in place, covering the full cycle of risk identification, assessment, monitoring, and response. This process is coordinated by a dedicated operational risk management department.
- The bank conducts **Risk and Control Self-Assessments (RCSA)**, in which departments evaluate their own risks and the effectiveness of their control mechanisms. This is typically conducted annually or in the event of significant operational changes.
- **Information security standards** have been implemented, including access control, data protection, internal system segmentation, and auditing. Both internal and external security testing is carried out.
- Regular **training sessions** on operational risks are held for employees, which include procedures for recording and reporting incidents and raising awareness about risks.
- The monitoring and reporting of operational risks is carried out by the relevant department, which prepares periodic reports to be presented to the appropriate committees of the board of directors.

Liquidity risk and funding management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. It refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions.

In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is part of the assets/liabilities management process. The risk is managed by the Financial Risks and Reporting division and Treasury Department. The endorsed Liquidity Risk Management Framework guarantees that the bank fulfills its payment responsibilities in both typical and stressful scenarios.

The Bank's liquidity management is comprised of the following:

- projecting cash flows and maintaining the level of liquid assets necessary to ensure liquidity in various time-bands;
- maintaining a funding plan commensurate with the Bank's strategic goals;
- maintaining a diverse range of funding sources thereby increasing the Bank's borrowing capacity, domestically as well as from foreign sources;
- maintaining highly liquid and high-quality assets;
- adjusting its product base by time bands against available funding sources;
- daily monitoring of liquidity ratios against regulatory requirements; and
- constant monitoring of asset and liability structures by time-bands.

The bank's financial risk management and treasury functions include the following responsibilities:

- compliance with NBG liquidity requirements, as well as compliance with liquidity requirement clauses included in agreements with foreign creditors;
- daily reports to management, including reporting to management on the levels of liquid assets in the main currencies (GEL, USD, EUR), cash positions;
- weekly reports to management on the forecasted levels of cash flows in the main currencies (GEL, USD, EUR);
- constantly controlling/monitoring the level of liquid assets;
- monitoring the concentration of deposits and other liabilities; and
- maintaining a plan for the instant increase of cash to provide liquidity under stressed conditions.

The liquidity position is assessed and managed by the Bank on a standalone basis, based on certain liquidity ratios established by the NBG. ALCO is responsible for ensuring that the Financial Risks and Reporting Department, together with the Treasury, properly manage the Bank's liquidity position. Decisions on liquidity positions and management are made by ALCO.

Regulatory Capital

Capital adequacy is one of the main indicators for determining the stability of the bank. The Committee on Assets and Liabilities is constantly reviewing capital requirements for compliance with actual data.

The supervisory capital requirement is calculated in compliance with "Regulation of Capital Adequacy Requirements for Commercial Banks" - considering the minimal requirements and total requirements of Pillar 2.

The actual capital ratios for Tier 1 and Tier 2 capital as of December 2025 is as follows:

Minimum Requirements		Ratios	Amounts (GEL)
1	Pillar 1 Requirements		
1.1	Minimum CET1 Requirement	4.50%	79,379,773
1.2	Minimum Tier 1 Requirement	6.00%	105,839,698
1.3	Minimum Regulatory Capital Requirement	8.00%	141,119,597
2	Combined Buffer		
2.1	Capital Conservation Buffer	2.50%	44,099,874
2.2	Countercyclical Buffer	0.50%	8,819,975
2.3	Systemic Risk Buffer	0.00%	-
3	Pillar 2 Requirements		
3.1	CET1 Pillar 2 Requirement	5.77%	101,808,573
3.2	Tier 1 Pillar2 Requirement	6.67%	117,599,919
3.3	Regulatory capital Pillar 2 Requirement	7.84%	138,378,006
Total Requirements		Ratios	Amounts (GEL)
4	CET1	13.27%	234,108,195
5	Tier 1	15.67%	276,359,465
6	Total regulatory Capital	18.84%	332,417,451

The Bank is constantly in compliance with the minimum requirements:

		12/31/2025	9/30/2025	6/30/2025	3/31/2025	12/31/2024
	Regulatory capital (amounts, GEL)					
	<i>Based on Basel III framework</i>					
1	Common Equity Tier 1 (CET1)	272,735,614	259,056,048	262,427,424	256,803,573	250,959,145
2	Tier 1	307,771,914	294,270,448	297,834,224	292,778,473	287,447,545
3	Total regulatory capital	379,066,782	365,749,289	336,715,805	333,946,552	329,887,381
	Risk-weighted assets (amounts, GEL)					
4	Risk-weighted assets (RWA) (Based on Basel III framework)	1,763,994,962	1,693,208,946	1,695,557,732	1,662,078,919	1,608,765,696
	Capital ratios as a percentage of RWA					
	<i>Based on Basel III framework</i>					
5	Common equity Tier 1 ratio	15.46%	15.30%	15.48%	15.45%	15.60%
6	Tier 1 ratio	17.45%	17.38%	17.57%	17.62%	17.87%

7	Total Regulatory Capital ratio	21.49%	21.60%	19.86%	20.09%	20.51%
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Environmental, Social and Governance Policy (ESG)

Terabank's sustainability priorities are strategically aligned with the objectives of the Paris Agreement, the commitments outlined in Georgia's Nationally Determined Contributions (NDCs), and the broader framework of the United Nations Sustainable Development Goals (SDGs).

Terabank recognizes the importance of environmental, social and governance (ESG) risks. By adhering to ESG standards, we can achieve a significant positive impact on the environment. To this end, when carrying out any commercial transaction, Terabank first ensures that the customer's activities are in full compliance with local environmental, health, safety and labor regulations and standards. At the next stage, according to the existing ESG policy in the bank, the user's activity is checked by the so-called "Exclusion List". After passing this stage, the environmental and social risk category is assigned to the transaction.

The procedures include and take into account the standards and requirements of the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD).

In accordance with the assignment of the category, the bank performs a risk analysis. The analysis can be carried out by both internal resources and external resources (consultants). The bank's environmental and social rating is integrated into the credit process, where the credit decision includes an assessment of the client's ESG risk profile, and this assessment affects the final result (credit decision).

In addition, Terabank has identified several sectors and activities where credit activity is either prohibited or limited.

Terabank's target segment is SME and micro loans. Due to their nature, the clients operating in this segment are mainly small clients with low ESG risks, which are managed with the help of the above policies and procedures.

Since 2024, with the support of international financial institutions, Terabank has developed a climate risk management policy framework, as well as a green financing methodology and procedures, which the bank is gradually integrating into its business strategy.

From 2026 onward, Terabank will actively focus on expanding green lending opportunities and investments. These efforts will support compliance with climate-related disclosure requirements, enhance the assessment of climate risks and opportunities, and enable the development of methodologies for calculating greenhouse gas (GHG) emissions.

In addition, the bank will define its climate ambitions and transition levers, enabling it to align its business model and operations with the goals outlined in the Paris Agreement.

In 2024, the bank initiated the formation of its ESG governance structure at both the Supervisory Board and Executive Management levels. Strengthening the Environmental, Social, and Governance (ESG) structure reinforces our responsibility to contribute long-term, sustainable value to the country in this direction. Our aim is to increase access to sustainable financing, services, and products through the implementation and execution of a stakeholder engagement plan.

Terabank's ESG strategy includes financing for energy-efficient and renewable energy projects, as well as enterprises that are women-led, women-owned, startups, and agricultural businesses. To support these goals, the bank collaborates with international financial institutions such as FMO, EIB, the World Bank, and DEG—both in terms of resource mobilization and through technical assistance programs.

Remuneration Policy

Remuneration system involves certain forms of remuneration and their combinations in compliance with the occupation, including: a) The fixed remuneration, b) Variable remuneration (bonus), c) Guaranteed variable remuneration. Remuneration is paid in cash.

Fixed remuneration of an employee in a bank is a major part of remuneration, reflects relevant professional experience and organizational responsibilities, which in turn is defined in the employee's job description as part of employment. The amount expressed in cash equivalent of fixed remuneration is predetermined and unchanged, does not depend on performance indicators, does not stimulate risky activity and the bank cannot reduce and / or cancel it. Amount of fixed remuneration of employee (except for the Supervisory Board members) is defined under the agreement.

Variable remuneration (bonus) is an additional benefit to the employee. The terms and amount of variable refunds are at the full discretion of the Bank. The amount of variable remuneration depends on the individual results of both the bank and the employee. Any remuneration that does not meet the fixed remuneration criteria will be considered as variable remuneration. A comprehensive picture of current and future risks should be taken into account when setting variable remuneration. The variable remuneration based on the results of the performance depends on the general financial condition of the bank and the result achieved by the bank as well as the relevant structural unit and the employee. In order to accumulate regulatory capital

the Bank is entitled at any time, not to grant in whole or in part and / or not to assign variable remuneration granted and deferred in the past.

Additional terms of remuneration are set for material risk takers of the banks. The Bank's material risk takers are individuals whose professional activities have a significant impact on the Bank's risk profile. A bank employee is considered to have a significant impact on the bank's risk profile if any of the following qualitative and / or quantitative characteristics are present:

Qualitative characteristics:

- A) the employee is a member of the Management Board or the Supervisory Board;
- B) the employee has managerial responsibilities over the control functions of the bank;
- C) the employee has managerial responsibilities over a significant business unit of the Bank;
- D) the employee has managerial responsibilities in various areas including legal, tax, human resources, information technology, information security, budgeting, outsourcing of critical functions, development or implementation of remuneration policy, economic analysis, and business continuity planning.
- E) the employee has the authority, either individually or as part of a group, to independently execute a credit risk transaction with a nominal value exceeding 0.5% of the bank's fixed capital.
- F) The employee manages the personnel defined in the previous sub-paragraph;
- G) The employee may individually or in groups approve or veto new products, material processes or material systems.

Quantitative characteristics:

- A) an employee whose remuneration exceeds the minimum salary of a member of the Management Board ;
- B) An employee whose annual salary exceeds GEL 500,000; or
- C) An employee whose salary is 0.3% of the highest paid in the bank;

The Treasury Department, Retail, SME and Corporate Departments are considered as “significant business units”.

The control function refers to the structural unit that provides credit or operational risk management, compliance control, prevention of illicit income legalization and anti-money laundering(AML), internal audit function

The amount of both fixed and variable remuneration of the MRTs shall be determined by the Supervisory Board. Key Performance Evaluation Indicators (KPIs) shall be determined annually, with the approval of the Bank's annual budget, unless the Supervisory Board decides otherwise..

The following principle should be taken into account when determining the remuneration of the Material risk takers (except for the members of the Supervisory Board) - the duration of the deferral of variable remuneration should depend on the period of realization of the risks related to the activities of the person. At the same time, the payment of not less than 40% of the annual variable remuneration, and in case of persons whose annual variable remuneration is in material volume (exceeds 100% of the annual fixed remuneration and / or exceeds 500,000 GEL or its equivalent), payment of not less than 60%, shall be deferred for at least 3 years. This does not apply to cases where the variable remuneration is in the intangible volume (not more than 20% of the annual fixed remuneration). Deferred variable remuneration may be paid and / or attributed at the end of the deferral period or in equal proportions during the deferral period. However, in the case of proportionate payment, the first installment of the deferred variable remuneration may be paid no earlier than one year from the beginning of the deferral period and subsequent payments should not be made more frequently than 12 months.

Maximum rate of variable remuneration (Total sum of all variable remuneration) for material risk takers, except for members of the Supervisory Board, shall not exceed 100% of the fixed component of their annual remuneration. In exceptional cases, if there are sufficient grounds, the majority of shareholders may decide to set a higher rate of return on fixed and variable components, provided that the amount of annual variable remuneration should not exceed 200% of the fixed annual component and the requirements set by the approved corporate governance code, approved under the decree of the President of the National Bank of Georgia, shall be met.

Remuneration for the Supervisory Board members complies with their involvement, assigned responsibilities, efforts made and time resource.

Remuneration for the Supervisory Board members includes fixed remuneration, the amount of which is fixed by the general meeting of shareholders.

The remuneration of employees with control functions is not contingent upon the financial results of the business line's activity that are inspected or monitored by the mentioned employees.

The Bank establishes specific criteria based on which decisions are made regarding the adjustment of variable remuneration, both before and after its award, as well as regarding return.