



PILLAR 3

ANNUAL REPORT

2025

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1. Summary

According to the Decree №92/04 of the President of the National Bank of Georgia, regulation on "Disclosure requirements for commercial banks within Pillar 3", commercial banks are obligated to disclose the qualitative and quantitative information related to their risk profile and risk appetite, corporate governance and remuneration policy on an annual basis.

This Pillar 3 Annual Report (hereafter "the Report") is prepared in Georgian and English languages and is available on the web pages of TBC Bank and the National Bank of Georgia.

2. JSC TBC Bank's Management Statement

The Management is required to prepare the financial statements of JSC TBC Bank (hereafter the "Bank") for each financial year in accordance with the International Financial Reporting Standards. The annual financial statements present fairly the financial position and performance of the Bank for that period. The Management must not approve the financial statements, unless they are satisfied that they give a true and fair view of the financial statements of the Bank for that period.

The Management consider, that in preparing the financial statements they have used appropriate accounting policies, supported by reasonable judgments and estimates, and that all accounting standards which they consider to be applicable have been followed. The Management also believes, that the financial statements have been prepared on going concern basis.

In addition, the Management is required to prepare report in line with all the requirements of the regulation on "Disclosure requirements for commercial banks within Pillar 3" (hereafter the "Report") approved by the Order №92/04 of the President of the National Bank of Georgia, on 22 June, 2017. The Report is prepared in full compliance with the internal processes and controls agreed with the Supervisory Board of JSC TBC Bank. The regulation on "Disclosure requirements for commercial banks within Pillar 3" does not require the Report to be audited by external auditor as a result the information given in the report is unaudited.

The Report was approved by the Supervisory Board on 7 April 2026 and signed on its behalf by:

Signed by:

 6C7A6B242FD4479...

Giorgi Megrelishvili
 Chief Financial Officer

Signed by:

 C96B324669CB422...

Nino Masurashvili
 Chief Risk Officer

3. Background and Group Structure

Principal activity. JSC TBC Bank (hereafter the “Bank”) was incorporated on 17 December 1992 and is domiciled in Georgia. The Bank is a joint stock company limited by shares and was set up in accordance with Georgian regulations. The Bank’s principal business activity is universal banking operations that include corporate, small and medium enterprises (“SME”), retail and micro-operations within Georgia. The Bank is a parent of a group of companies (hereafter the “Group”) incorporated in Georgia. Their primary business activities include providing banking, leasing, brokerage and card processing services to corporate and individual customers. The Bank has been operating since 20 January 1993 under a general banking license issued by the National Bank of Georgia (“NBG”). The Bank’s registered address and place of business is 7 Marjanishvili Street, 0102 Tbilisi, Georgia. The Bank was registered by District Court of Vake and the registration number is 204854595.

The Bank has 122 (2024: 125) branches within Georgia (Excluding pawnshop units).

TBC Bank Group PLC (“TBCG”) is a public limited by shares company, incorporated in the United Kingdom. TBCG held 99.88% of the share capital of JSC TBC Bank as at 31 December 2025 (2024: 99.88%) thus representing the Bank’s ultimate and direct parent company. TBC Bank Group PLC’s registered legal address is 100 Bishopsgate, C/O Law Debenture, London, England, EC2N 4AG. Registered number of TBC Bank Group PLC is 10029943.

As of 31 December 2025, and 2024 the Bank’s shareholder structure was as follows:

	% of ownership interest held as of 31 December	
Shareholders	2025	2024
TBC Bank Group PLC	99.88%	99.88%
Other	0.12%	0.12%
Total	100.00%	100.00%

As of 31 December 2025, and 31 December 2024, the shareholder structure of TBC Bank Group PLC by beneficiary ownership interest was as follows:

	% of ownership interest held as of 31 December	
Shareholders	2025	2024
BlackRock	6.74%	4.60%
Dunross & Co.	5.57%	6.84%
Fidelity International	4.60%	2.47%
Vanguard Group	4.51%	4.24%
GTN Asia Financial Services	3.29%	N/A
Allan Gray Investment Management	3.28%	4.62%
Mamuka Khazaradze and Badri Japaridze	15.33%	15.40%
Other*	56.68%	61.83%
Total	100.00%	100.00%

* Other include individual as well as corporate shareholders.

Subsidiaries and associates. The consolidated financial statements include the following principal subsidiaries:

Subsidiary name	Proportion of voting rights and ordinary share capital held as 31 December		Principal place of business or incorporation	Year of incorporation	Functional Currency	Principal activities
	2025	2024				
United Financial Corporation JSC	99.53%	99.53%	Tbilisi, Georgia	2001	GEL	Card processing
TBC Capital LLC	100%	100%	Tbilisi, Georgia	1999	GEL	Brokerage
TBC Leasing JSC	100%	100%	Tbilisi, Georgia	2003	GEL	Leasing
TBC Kredit LLC ¹	N/A	100%	Baku, Azerbaijan	1999	AZN	Non-banking credit institution
TBC Pay LLC	100%	100%	Tbilisi, Georgia	2008	GEL	Payment processing
TBC Invest-Georgia LLC	100%	100%	Ramat Gan, Israel	2011	ILS	Financial services
TBC Asset Management LLC	100%	100%	Tbilisi, Georgia	2021	GEL	Asset management

The Group has investments in the following associates:

Associate name	Proportion of voting rights and ordinary share capital held as 31 December		Principal place of business or incorporation	Year of incorporation	Principal activities
	2025	2024			
CreditInfo Georgia JSC	21.08%	21.08%	Tbilisi, Georgia	2005	Financial intermediation
Tbilisi Stock Exchange JSC	28.79%	28.87%	Tbilisi, Georgia	2015	Finance, Service
Georgian Central Securities Depository JSC	22.87%	22.87%	Tbilisi, Georgia	1999	Finance, Service
Georgian Stock Exchange JSC ²	17.33%	17.33%	Tbilisi, Georgia	1999	Finance, Service
Kavkasreestri JSC ²	10.03%	10.03%	Tbilisi, Georgia	1998	Finance, Service

The country of incorporation is also the principal area of operation of each of the above subsidiaries and associates.

The Group's corporate structure consists of a number of related undertakings, comprising subsidiaries and associates, which are not consolidated or equity accounted due to immateriality. List of these undertakings, the country of incorporation and the ownership of each share class is set out below.

Company name	Proportion of voting rights and ordinary share capital held as 31 December		Principal place of business or incorporation	Year of incorporation	Principal activities
	2025	2024			
TBC Invest International LLC ³	100%	100%	Tbilisi, Georgia	2016	Investment Vehicle
University Development Fund ³	33.33%	33.33%	Tbilisi, Georgia	2007	Education
Natural Products of Georgia LLC ³	25.00%	25.00%	Tbilisi, Georgia	2001	Trade, Service
TBC Trade LLC ³	100%	100%	Tbilisi, Georgia	2008	Trade, Service

¹ In 2025 TBC Kredit was disposed.

² The Group has a significant influence on Georgian Stock Exchange JSC (with representatives in management board) and Kavkasreestri JSC.

³ Dormant

4. Corporate Governance

According to the Decree № 92/04 of the President of National Bank of Georgia, the regulation on "Disclosure requirements for commercial banks within Pillar 3" (hereinafter – the "Rule"), in existence of holding governance structure, the Banks should disclose the information about the board of the holding and it's relevant committees, together with the process of decision-making in relation to the Bank itself.⁴

Therefore, since TBC Bank Group PLC (hereinafter "the Company") is the parent company of the JSC TBC Bank (hereinafter "TBC Bank" or "the Bank"), the following chapter comprises the information about the Company.

4.1 Board of Directors of the Company

In accordance with subsection 2-c of Article 6 of the Decree № 92/04 of the President of the National Bank of Georgia, the regulation on "Disclosure requirements for commercial banks within Pillar 3", the information given in this section will include details of JSC TBC Bank's (hereinafter – "the Bank") parent company – TBC Bank Group PLC (hereinafter the "Company" or "TBC PLC"), together with the Bank. The principal decision-making body of TBC PLC is the Board of Directors (hereinafter "PLC Board"). At the same time, the Bank is also governed by the Supervisory Board of the Bank (hereinafter "Supervisory Board"). Therefore, there are two supervisory bodies within the Group, however the competences of the PLC Board, the Supervisory Board and their respective committees are effectively balanced which ensures that their functions are divided accordingly, whether these relate to the matters of the TBC PLC, or of the Bank.

The Supervisory Board and the PLC Board have the same composition in terms of non-executive membership. PLC Board and Supervisory Board comprise of nine independent non-executive members - Arne Berggren – the Chairman, Tsira Kemularia (Senior Independent Non-Executive Member - SID), Per Anders Fasth, Eran Klein, Thymios P. Kyriakopoulos, Nino Suknidze (Employee Ambassador), Rajeev Sawhney, Janet Heckman and Monica Kalia. In addition, PLC Board comprises executive member, Vakhtang Butskhrikidze.

In accordance with the requirements of the UK Corporate Governance Code, members of the PLC Board are re-elected annually for a term of one year at the General Meeting of Shareholders of the TBC PLC, therefore, all members of the PLC Board will be standing for either election or re-election at this year's annual General Meeting.

The PLC Board annually monitors the company's risk management and internal control systems in accordance with the requirements of the UK Corporate Governance Code. At the same time, each member of the PLC Board is obliged to devote requisite time and attention to his / her duties, as necessary. This includes attending meetings of the PLC Board and the relevant committees, as well as participating in conference calls, site visits, and effective e-mail communication. The members of the PLC's Board are also required to familiarize themselves with the meeting materials in advance and devote additional time to group activities, especially during periods of high activity. All members of the PLC Board also undertake a rigorous and tailored induction program organized by the Company Secretary.

The competence of the PLC Board, together with other important matters, also includes development of The PLC's strategy, long-term goals, risk appetite, and annual budget, as well as assessing changes in the Group's capital, share buy-backs, important acquisitions and mergers. The document, which provides information on the skills, experience and competencies of the PLC Board, can be found on the website of the Company, at the following link: <https://www.tbcbankgroup.com/about-us#boardOfDirectors>. The matters reserved for the Board can be found at the following link [41 - schedule-of-reserved-matters-2.pdf](#) .

⁴ Article 6, subsection "c" of the Rule

Composition of Supervisory Board members of the Company

Biographies of the members of Supervisory Board

		
	ARNE BERGGREN	TSIRA KEMULARIA
POSITION	Chair	Senior Independent Non-Executive Director
COMMITTEE	Chair of CGN, Member of HR & RemCo	Member of AC and CGN
APPOINTED	Board: 13 August 2019, Chair: 1 March 2021	Board: 10 September 2018, Senior Independent Director: 15 September 2021
NATIONALITY	Swedish	British
CAREER	Arne has worked in the financial services industry for more than 30 years. He has held several senior leadership and advisory positions at prominent financial institutions, including the IMF, World Bank, Swedbank, Carnegie Investment Bank AB and the Swedish Ministry of Finance and Bank Support Authority. Arne played a leading role in the handling of the Swedish banking crisis in 1991-93 and assisted the FRA in Thailand and FSC/ KAMCO in South Korea during the Asian crisis. Arne has also served as an independent Non-Executive Director in asset management companies in Turkey and Slovenia, and in Greece at Piraeus Bank.	Tsira is an experienced finance executive with over 25 years of experience in a broad range of roles. Currently, Tsira is a Vice President for FTSE100 energy major, Shell's, Corporate segment and the UK Country Controller. She is also a member of Shell's UK Management Board and is a Trustee of a BG Pensions Scheme. Over the years, Tsira's management roles have covered a number of finance disciplines such as; Head of Internal Audit for Shell's Commodity business globally, Head of Shell's Group Pension Group Strategy and Standards, CFO of Shell's commodity trading business in the Caribbean, M&A, Commercial Finance Management role for Russia & CIS and Commodity Market Risk Management for crude oil trading in Europe.
SKILLS & EXPERIENCE	Experience in international financial institutions and advising governments; Board membership and committee chairing experience in other UK listed banks; Experience in investment banking activities and in leading bank restructurings; Deep understanding of strategic planning and implementation.	More than 25 years of in-depth experience across the energy sector including regulated commodity trading and financial services; Chartered Director and Fellow with the Institute of Directors in London, UK; Former member of the British-Georgian Society and former Chair of the Georgian Community in the UK; Relevant experience and expertise in information security risk management
CONTRIBUTION TO THE COMPANY	With more than 25 years of international banking experience, coupled with his background and broad experience, Arne provides a valuable perspective as Chair to the Board. Arne plays a pivotal role in supporting the Company's relationship with its major shareholders, and, through his extensive experience in navigating economic uncertainty, is invaluable in meeting the challenges facing the Company and the wider sector. As Chair of the Corporate Governance and Nominations Committee, Arne has secured a number of high calibre appointments in recent years. This has been instrumental in ensuring the composition of the Board matches the culture, strategy and leadership needs of the Company.	Tsira's specialist knowledge in the areas of financial services, risk management and internal audit enables her to contribute to, and constructively challenge on, a wide range of Board matters. As a Chartered Director, Tsira's leadership qualities ensure she can act as a sound advisor to the Chair and represent the interests of the other Directors. Tsira brings significant regulatory, strategic and international financial services expertise and knowledge of financial markets to the Board.
EXTERNAL APPOINTMENTS	Chairman of Hoting Innovations AB	Shell International Ltd - VP Corporate and UK Controller, and director of various Shell Group entities Company Nominated Trustee Director of the British Gas Trustee Solutions Ltd, a closed pension fund (post British Gas acquisition by Shell)

		
	PER ANDERS FASTH	JANET HECKMAN
POSITION	Independent Non-Executive Director	Independent Non-Executive Director
COMMITTEE	Chair of AC, Member of RC and CGN	Chair of HR & RemCo, Member of CGN and ESGE
APPOINTED	4 May 2021	23 February 2023
NATIONALITY	Swedish	American
CAREER	Over the past 25 years, Per Anders has served as CEO at SBAB Bank, Hoist Finance and European Resolution Capital as well as CFO and other senior executive positions at the leading North-European bank SEB. He has also gained extensive strategic consulting experience having spent 10 years at top-tier consultancies McKinsey & Company and QVARTZ (now Bain & Company). Per Anders has been a non-executive director of more than 15 financial institutions in Europe. In addition, he has extensive professional experience from having worked in more than 20 European countries as a non-executive director and advisor to corporations and governments.	Janet was the Managing Director for the Southern and Eastern Mediterranean (SEMED) Region at the European Bank for Reconstruction and Development (EBRD) from February 2017 until December 2019. Based in Cairo, she was also the Country Head for Egypt. She currently serves as a non-executive director on the boards of Astana International Exchange, Air Astana, Kazakhstan and Citi Kazakhstan. During her long career at Citi, she spent time as EMEA Corporate and Investment Managing Director and held a number of field roles across EMEA, and was responsible for Global Relationship Banking across CEEMEA.
SKILLS & EXPERIENCE	Extensive CEO and senior executive experience, having spent more than 20 years at leading banks and other financial institutions; Over 40 years of accumulated experience as an independent non-executive director; Strong listed corporate governance, leadership and strategic advisory skills; Significant financial reporting, investor relations and internal controls experience; Relevant experience from the financial information technologies (fintech) and credit management industries across Europe.	Over 30 years' experience in corporate, investment and development banking. Extensive expertise in global relationship banking. 15 years' experience in operations management; Relevant experience of developing and delivering business plans and strategic change in a wide range of jurisdictions, including across Central and Eastern Europe, North Africa, the Middle East and Central Asia. This included the establishment of key partnerships with national governments.
CONTRIBUTION TO THE COMPANY	Per Anders is regarded as a financial expert in the context of audit and risk committee work. He has extensive experience of operating in regulatory environments and is widely regarded in both the corporate and financial world. Per Anders's broad leadership and global executive experience brings a wide perspective to his role as Chair of the Audit Committee and in Board discussions and decision-making.	Janet brings her extensive knowledge of financial services and corporate banking to the Board, with her past experiences in the formulation and delivery of strategy for regional operations at the EBRD, she is well suited to help guide the Company as it seeks to harness the large growth potential of the Uzbek market.
EXTERNAL APPOINTMENTS	Chairman of Lyra Financial Wealth AB Board member of Atle Fund Management AB Board member and audit committee chair of JSB Ukgasbank Board member and chair of risk and audit committee of Brocc Finance AB	Board member and audit committee chair of Astana International Exchange Board member of Air Astana, Kazakhstan Board member of Citibank Kazakhstan

		
	ERAN KLEIN	THYMIOS P. KYRIAKOPOULOS
POSITION	Independent Non-Executive Director	Independent Non-Executive Director
COMMITTEE	Chair of ESGE, Member of TDAC and RC	Chair of RC, Member of AC and TDAC
APPOINTED	4 May 2021	4 May 2021
NATIONALITY	British	Greek
CAREER	Eran is an experienced international banker. Over a career spanning more than two decades, he held senior roles at leading financial institutions such as Citibank, Deutsche Bank, ING, and Commerzbank. Covering both developed and emerging markets, he has focused on a range of functions within banking, including risk, banking strategy, ESG, technology, corporate governance, geopolitical environment, credit, and financial services regulation. He is particularly enthusiastic about the intersection of ESG, technology (including cyber, AI, and digital), and risk. Eran is a board member at Chapter Zero Uzbekistan and Chapter Zero Ukraine & Caucasus. Until recently, he served as a non-executive director at PrivatBank, the largest bank in Ukraine, where he chaired the Risk Committee during the war. Eran holds an LL.M. (Master of Laws) with distinction from Chuo University, Japan's leading law faculty, as well as an MSc (Sloan Masters) from London Business School, UK.	Thymios is a senior banking executive with considerable international experience. He specialises in investment management, operational transformation, balance sheet optimisation, risk management, and financial engineering. He served on the board of the Hellenic Corporation of Assets and Participations, the Greek sovereign wealth fund, as Chairman of its Investment and Risk Committee. He also served as Chairman of the Risk Committee of Attica Bank SA and is a member of the Board of Directors of Agreed Payments SA. Thymios was executive general manager and chief risk officer of Piraeus Bank S.A, a leading listed Greek Bank, Managing Director at Goldman Sachs Inc. in the fixed income currencies and commodities trading division, and has held board and executive roles in insurtech, fintech, financial services and advisory sectors.
SKILLS & EXPERIENCE	Extensive experience in banking, credit, capital markets and financial regulations; Extensive experience in ESG; Expertise in risk, corporate governance, strategy and structuring; Extensive Emerging Markets banking and stakeholder management experience; Relevant experience and expertise in information security risk management.	Extensive experience in global capital markets, corporate and retail credit, regional banking operations, and financial engineering; Expert risk manager, investment manager, and balance sheet optimiser; operational transformation leadership and crisis management spanning systemic banks and fintech; Strong governance, risk and asset management oversight skills for both listed and quasi-governmental entities.
CONTRIBUTION TO THE COMPANY	Eran brings to the Board extensive risk, ESG, technology, governance, financial regulation and strategy experience that he has gained at large financial institutions and consulting fields in both developed and developing markets, making him an ideal fit to spearhead the ESG and Ethics Committee agenda, on behalf of the Group.	Thymios brings extensive governance, financial and operational experience. His deep knowledge allows him to support and contribute to the strategic direction of the Company while controlling the path used in its implementation. Having led investment and risk functions in internationally listed banks and acted as chair of the investment committee of a national wealth fund, and chair of the risk committee of a listed Greek bank, Thymios's broad multijurisdictional risk expertise enables him to bring innovative and positive insights to his role as Chair of the Risk Committee.
EXTERNAL APPOINTMENTS	Supervisory board member of Chapter Zero Ukraine and Caucasus Advisory board member of Chapter Zero Uzbekistan	Board Member of Agreed Payments SA

		
	RAJEEV SAWHNEY	NINO SUKNIDZE
POSITION	Independent Non-Executive Director	Independent Non-Executive Director and Employee Ambassador
COMMITTEE	Chair of TDAC, Member of RC and HR & RemCo	Member of HR & RemCo and ESCE
APPOINTED	24 November 2021	24 November 2021
NATIONALITY	Indian	Georgian
CAREER	Rajeev has 40 years' experience as a senior corporate growth executive. He specialises in digital technologies and has served in financial services and various other industry sectors in Europe, North America and Asia. Rajeev previously held the positions of Executive Chairman and non-executive director of OXSIGHT Ltd, a medical technology innovation company, and an Oxford University spin off. He was formerly a senior advisor to the CEO at global IT services firm Zensar Ltd in the UK and a member of the advisory board at Garble Cloud Inc., a cybersecurity company in Silicon Valley, USA. Prior to that, Rajeev gained strong operational experience as President of HCL Technologies and at the financial services firm, Mphasis, a Hewlett Packard company. Rajeev has been on the World Economic Forum expert Task Force on Low-Carbon Economic Prosperity, and contributed at the World Economic Forum Summer Davos on climate change deliberations.	Nino is a business lawyer with over 20 years' experience in the Georgian market. She has a deep understanding of, and expertise in, various areas of practice including banking, finance, corporate, regulation, competition and capital markets. Previously, Nino served as general counsel at JSC Bank of Georgia. Before joining TBC Bank Group PLC, she held various positions at the Georgian offices of international law firms Dentons and DLA Piper over a period of more than 11 years. Currently Nino is the managing partner of the law firm Suknidze & Partners LLC.
SKILLS & EXPERIENCE	Strong global corporate leadership experience of more than 40 years; Significant advisory and executive experience with technology and cybersecurity companies in financial services and other industry sectors; Extensive expertise in Human Resource management; Relevant experience and expertise in information security risk management.	Strong financial services background; Extensive experience as a leading legal counsel in major financial services sector transactions and listings; Considerable governance, regulatory and risk management experience, including at an LSE-listed company; Experience in advising companies across a range of sectors, including telecommunications, pharmaceuticals, energy and commerce.
CONTRIBUTION TO THE COMPANY	Rajeev brings the extensive international leadership and general management perspective that he has gained from the technology and fintech sectors to the Board. He provides valuable insights into the Company's increasingly important technological evolution. In line with this, he has been appointed Chair of the Technology and Data Committee, where he provides key support and leadership in these areas.	Nino is an experienced domestic and international lawyer with particular expertise in regulated sectors, where she has counselled on a wide range of legal, regulatory and business issues. Nino's valuable experience brings a considered perspective to the Board, and enriches discussion and strategic thought.
EXTERNAL APPOINTMENTS	No current additional board appointments	Board member at Care Caucasus, a charity organisation in Georgia Member of the Board of Directors of the American Chamber of Commerce in Georgia (AMCHAM) Managing Partner at Suknidze & Partners

	
	Monica Kalia
POSITION	Independent Non-Executive Director
COMMITTEE	Member of AC, ESGE and TDAC
APPOINTED	1 November 2025
NATIONALITY	British
CAREER	Monica is a financial services executive with over 30 years of experience in the finance and fintech industries. She was the Founder and Managing Director of Neyber, a multi-award winning fintech firm focused on financial wellbeing and also served as a Non-Executive Director on the Board of the Money and Pensions Service. Monica is a consumer champion and has served as a Trustee for the debt charity, StepChange, and as a panel member for the UK Government's independent review into Access to Cash. She has also been recognised by Forbes as one of the top female leaders in fintech and by the Financial Times as one of the Top 100 most influential BAME leaders in UK tech. Earlier in her career, Monica was Co-Head of the European Banks research team at Goldman Sachs.
SKILLS & EXPERIENCE	Demonstrable commitment to championing the cause of the advancement of women and minorities in business; Over 25 years' experience in the financial services sector; Extensive experience in improving financial capability in areas such as affordable credit, savings and debt advice.
CONTRIBUTION TO THE COMPANY	Monica brings a strong blend of financial, technological, strategic, and governance expertise, developed through senior executive and non-executive positions at leading institutions including Goldman Sachs, Credit Suisse, the Money and Pensions Service, and LifeSight Ltd. She has extensive hands-on leadership experience in fintech innovation, digital transformation, and data-driven business models, complemented by deep knowledge of regulatory compliance and risk management.
EXTERNAL APPOINTMENTS	No current additional board appointments

Committees of the Board of Directors of the Company

The PLC Board has delegated certain responsibilities to, and is supported by, its committees, which oversee and make recommendations on the matters delegated to them. There are six committees within the structure of the PLC Board: Corporate Governance and Nomination Committee, Audit Committee, Risk Committee, Human Resources and Remuneration Committee, Technology, Data, AI and Cybersecurity Committee, and ESG and Ethics Committee. The competences of each committee are determined by their Terms of References.

Corporate Governance and Nominations Committee

The Corporate Governance and Nomination (CGN) Committee is responsible for talent management, and nomination and succession planning for the Board, its committees, the senior independent director ("SID"), the designated non-executive director for workforce engagement ("Employee Ambassador"), the Company Secretary, and for the executive directors of the Company and its subsidiaries.

The main responsibilities of the CGN Committee, in relation to the development and functioning of corporate governance within the Group, are:

- Approving changes to corporate governance guidelines, monitoring the Group's compliance with such guidelines and applicable legal and regulatory requirements and recommending to the PLC Board such changes or additional actions as it deems necessary;
- Reviewing the independence standards for PLC Board members; and
- Monitoring and evaluating the process for assessing the performance and effectiveness of the PLC Board and its committees (including the annual Effectiveness Self-Review of this Committee);
- Overseeing the development and implementation of the Group's corporate governance policies and practices.

The main responsibilities of the Committee, in relation to nominations, are:

- Regularly reviewing the structure, size and composition of the PLC Board, including evaluating the current balance of skills, experience, independence and knowledge on the PLC Board, including considering diversity and gender balance;
- Identifying suitable candidates from a wide range of backgrounds, considering and making recommendations to the PLC Board on the composition of the PLC Board;
- Assisting the Chairman of the PLC Board and the Senior Independent member of the PLC Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the PLC Board and its committees;
- Making recommendations to the PLC Board on succession planning for the PLC Board over the longer term.

Audit Committee

The Audit Committee monitors the integrity of the company's financial statements, reviews its internal financial controls and risk management systems, and oversees the relationship with the internal and external auditors, including their independence and effectiveness.

The main responsibilities of the Committee are:

- To review the PLC's internal financial and non-financial controls for ensuring the effectiveness of the internal control structure and to review any recommendations on changes to them, and, in conjunction with the PLC's Risk Committee, to assess, manage and monitor the Group's internal control, risk management, compliance and governance functions;
- To monitor the integrity of the financial statements of the Group to ensure that they meet all statutory requirements and appropriate International Financial Reporting Standards and that all areas of judgement are fully considered before recommending to the PLC Board that they give a fair, balanced and understandable position of the TBC PLC;
- To consider the effectiveness and independence of the Group's internal audit activities and its relationship with the external auditors; and
- To make recommendations to the PLC Board in relation to the appointment, re-appointment and removal of the Group's external auditors, and approving their remuneration and terms of engagement.

Risk Committee

The Risk Committee supports the Board in overseeing the Group's risk management framework, ensuring that risk appetite and tolerance are appropriately set and aligned with the Group's strategy. It promotes a strong risk culture, oversees processes for identifying and managing financial and non-financial risks, and contributes to the preparation of the going concern, risk management, and viability statements. The Committee also ensures that emerging and principal risks, including those threatening the Group's business model, performance, solvency, or liquidity, are assessed annually. In seeking to achieve this, the Risk Committee is responsible for:

- reviewing and reporting its conclusions to the PLC Board on the Group's risk management framework, which embraces risk principles, policies, methodologies, systems, processes, procedures and people. It also includes the review of new or material amendments to risk principles and policies, as well as overseeing any action resulting from material breaches of

such policy. The Risk Committee works closely with the Audit Committee and schedules joint meetings for common topics.

- advising the PLC Board on strategic transactions, focusing on risk aspects and implications for the risk appetite and tolerance of the Group.
- reviewing and approving the statement concerning internal risk management and the Group's viability statement included in the PLC's Annual Report.
- ensuring robust assessment of the emerging and principal risks faced by the Group, including those that would threaten the business model, future performance, solvency and liquidity.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee leads the human resources and remuneration-related issues. It supports the Board in ensuring that the Group's human resources and remuneration policies promote long-term success and align with its strategy, values, and stakeholder expectations. The Committee oversees remuneration for executive directors and senior management, ensuring fairness, regulatory compliance, and a clear link between reward and performance. It also reviews broader workforce policies on pay, benefits, and people management, fostering a consistent culture of ethics, fairness, and accountability across the Group.

The Committee is responsible for:

- setting the right level of compensation to attract and retain people and balancing this with the level of compensation that is acceptable for our stakeholders.
- establishing and overseeing the Group's Remuneration Policy principles and considering and approving the remuneration arrangements of the General Director of the TBC PLC and the Bank and the management board members of the Bank (Directors').
- overseeing any major changes in employee benefits structures within the TBC PLC.
- producing a report of the PLC's remuneration policy and practices to be included in the PLC's Annual Report and ensure each year that it is put to shareholders for approval.

The Technology, Data, AI and Cybersecurity Committee

The Committee, established in June 2021 as the Technology and Data Committee (renamed in 2025 as [The Technology, Data, AI and Cybersecurity Committee to cover its advancing scope](#)), supports the Board in overseeing the Group's technology and data strategy, ensuring alignment with the overall strategic plan and regulatory requirements. The Committee focuses on key strategic matters relating to technology, digital platforms, data and analytics, automation, cybersecurity, and artificial intelligence, and monitors management's execution of the IT strategy across the Group.

The responsibilities of the Committee cover:

- periodic review of the strategy and implementation milestones of the As-Is state of Technology & Data landscape, the 3-year Target Operating Model, its alignment with overall bank strategy, assessing the impact of regulatory changes and readiness for changes, recommendations of Technology & Data audits- internal & external, gap analysis and mitigation plan;
- - review of the opportunities and risks of Technology & Data systems including leveraging opportunities for competitive advantage and assessing risks and resilience in the context of changing business models, disruptive technologies, including Artificial Intelligence & Gen AI, regulatory changes and cyber threats as also working with Risk and Audit committees where overlaps exist;
- periodic review of cybersecurity systems of the Group; Gap analysis and mitigation and robustness of business continuity plans;

The ESG and Ethics Committee

The ESG and Ethics Committee, established in January 2022, supports the Board in overseeing the Group's environmental, social, and governance ("ESG") strategy, policies, and programmes. The Committee provides strategic guidance on sustainability matters, ensuring ESG initiatives align with the Group's core business objectives, create long-term value, mitigate risks, and address stakeholder expectations. It ensures the Company stays focused on the ESG issues that are key for all our stakeholders.

The role of the Committee include supporting and advising PLC Board in its oversight of the implementation of (i) strategy (ii) policies and (iii) programs in relation to Environmental, Social and Governance matters;

Detailed functions of each committee could be found in their Terms of References at the following link: <https://www.tbcbankgroup.com/about-us/governance/committees/>

In line with the company's mirror board policy, Supervisory Board has the same committee structure including the same composition of the Committees.

Membership of committees of the PLC Board and Supervisory Board is as follows:

	Audit	Risk	CGN	HR & RemCo	ESG & Ethics	Tech & Data	SID	EA
Arne Berggren			Ch.	M.				
Janet Heckman			M.	Ch.	M			
Eran Klein		M.			Ch.	M.		
Tsira Kemularia	M.		M.				SID	
Venera Suknidze				M.	M.			EA
Per Anders Fasth	Ch.	M.	M.					
Thymios Kyriakopoulos	M.	Ch.				M.		
Rajeev Sawhney		M.		M.		Ch.		
Monica Kalia	M.				M.	M.		

M - Member, Ch-Chair, SID-Senior Independent Director, EA- Employee Ambassador

Independence of the members of the Board of Directors of the Company

Composition of PLC Board and the Supervisory Board including respective committees mirror at both levels in terms of non-executive membership.

The Corporate Governance and Nominations Committee has delegated authority from the PLC Board to assess the independence of non-executive members of the PLC Board in accordance with the UK Corporate Governance Code. It has reviewed and confirmed that all non-executive members of the PLC Board, who have submitted themselves for election and re-election at the AGM are considered independent. This conclusion was reached after consideration of all circumstances that are likely to impair, or could appear to impair, independence. In accordance with the UK Corporate Governance Code, each member of the PLC Board should immediately inform the PLC Board about any event, which might affect his or her independence. At the same time, all non-executive members of the Supervisory Board are considered independent in line with the criteria laid down by the Georgian Corporate Governance Code.

Diversity & inclusion

The Board recognises the importance of ensuring diversity and sees significant benefits to our business in having a Board and management team drawn from diverse backgrounds, as this brings a range of expertise, cultural knowledge and different perspectives in discussions and improves the quality of decision making. The Board adopted a Board Diversity Policy in September 2020, which was most recently reviewed in December 2025. The Policy allows the Board to ensure that Board appointments contribute to the Group-wide ambitions of diversity and inclusion.

Ethnic and gender diversity

The Board meets the recommendation of the Parker Review that at least one of its members should be black, Asian or an ethnic minority (BAME), and the Group intends to continue to meet that recommendation. The Board is mindful of the updated ambitions of the Parker Review, to set targets relating to executive and their direct reports. Although the Board has not yet agreed to set targets, discussions have been held by both the Corporate Governance and Nomination Committee and the Board as to what these targets might look like for the Company given the region that it operates in. Most of TBC Bank Group plc's workforce is based in Georgia and Uzbekistan, and as such it will look to set targets that are meaningful to the countries in which its workforce is located, as well as being suitable for a UK listed company.

The Board is also committed to ensuring that the targets of the FTSE Women Leaders Review on gender diversity are met. As at the date of this Annual Report, four (40%) of the ten directors are female, one of the senior board positions is held by a woman. The female representation of the Executive Committee is 25%. The position of the Senior Independent Director is held by Tsira Kemularia, a woman; and at least two member of the Board is from a minority ethnic background.

Board of Directors and Committee meeting attendance

The PLC Board and Committee attendance at meetings is set out below. During 2025, the PLC Board has continued to meet using an effective mix of in-person meetings, as well as meetings organized via video conference. Each Committee is led by a Chair and membership consists solely of non-executive members of the PLC Board. Chairs of each Board Committee provide a report on Committee business at each PLC Board meeting, including the matters being recommended by a Committee for PLC Board approval. The process for setting a Committee agenda and running a Committee meeting mirrors that of the PLC Board.

Attendance at the PLC Board and respective committee meetings in 2025 have been as follows:

Board Member	Board	Corporate Governance & Nomination Committee	Human Resources & Remuneration Committee	Audit Committee	Risk Committee	ESG & Ethics Committee	Technology Data, AI and Cybersecurity Committee
Arne Berggren	14/14	7/7	5/5	-	-	-	-
Tsira Kemularia ^{5 6}	14/14	7/7	4/4	6/7	-	-	-
Per Anders Fasth ^{7 8}	14/14	5/5	1/1	7/7	11/11	-	-
Eran Klein	14/14	-	-	-	11/11	4/4	4/4
Thymios Kyriakopoulos	14/14	-	-	7/7	11/11	-	4/4
Rejeev Sawhney ^{9 10 11}	14/14	2/2	- 4/4	-	3/3	4/4	4/4
Nino Suknidze ^{12 13 14 15}	13/14 ¹⁶	6/6	1/1	5/5	-	3/3	-
Janet Heckman ^{17 18}	13/14 ¹⁹	1/1	5/5	-	8/8	4/4	-
Vakhtang Butskhrikidze	14/14	-	-	-	-	-	-
Monica Kalia ^{20 21}	2/2			2/2			1/1

⁵ Tsira Kemularia stepped down from the ESG & Ethics Committee on 15 February 2024 and was appointed to the Corporate Governance and Nominations Committee on 15 February 2024.

⁶ Stepped down from HR&RemCo from Oct.10, 2025

⁷ Joined CGN Committee from Feb 11, 2025

⁸ Stepped down from HR & Remco from Feb 11, 2025

⁹ Stepped down from CGN Committee from Feb 11, 2025

¹⁰ Joined HR&RemCo since Feb 11, 2025

¹¹ Joined RiskCo from Oct.10, 2025

¹² Stepped Down from CGN Committee since Oct.10, 2025

¹³ Joined HR & Remco from Oct.10, 2025

¹⁴ Stepped down from AuditCo from Oct.10, 2025

¹⁵ Joined ESG from Feb 11, 2025

¹⁶ The Director was unable to attend the session but received any accompanying material and had opportunities to raise questions and observations with the Group Chairman and Group Company Secretary

¹⁷ Joined CGN Committee since Oct. 10, 2025

¹⁸ Stepped down from RiskCo from Oct.10, 2025

¹⁹ Director was unable to attend the session but received any accompanying material and had opportunities to raise questions and observations with the Group Chairman and Group Company Secretary

²⁰ Joined AuditCo from November 2025

²¹ Joined TDAC from November 2025

Attendance at the Supervisory Board and respective committee meetings in 2025 have been as follows:

Board Member	Board	Corporate Governance & Nomination Committee	Human Resources & Remuneration Committee	Audit Committee	Risk Committee	ESG & Ethics Committee	Technology Data, AI and Cybersecurity Committee
Arne Berggren	14/14	6/6	5/5	-	-	-	-
Tsira Kemularia ³	14/14	6/6	4/4	6/7	-		-
Per Anders Fasth	14/14	4/4	1/1	7/7	11/11	-	-
Eran Klein	14/14	-			11/11	4/4	4/4
Thymios Kyriakopoulos	14/14	-		7/7	11/11	-	4/4
Rejeev Sawhney	14/14	2/2	- 4/4		3/3	4/4	4/4
Nino Suknidze	13/14	5/5	1/1	5/5		3/3	-
Janet Heckman	13/14	1/1	5/5	-	8/8	4/4	-
Monica Kalia	2/2			2/2			1/1

Division of Responsibilities

There is a clear division between Non-Executive and Executive responsibilities which ensures accountability and oversight. The roles of Chairman and Chief Executive Officer are separately held, and their responsibilities are well defined, set out in writing and regularly reviewed by the Board.

Chairman	Senior Independent Member of the PLC Board (SID)
The Chairman's principal responsibility is leadership and the effective running of the Board.	Provides a sounding board to the Chairman, and serves as an intermediary for other directors, as well as being available to shareholders where necessary.

Chief Executive Officer	Non-Executive Members of the PLC Board
The CEO's principal responsibility is running the Group's businesses. He is responsible for all executive management matters affecting the Group.	Provide constructive challenge to the executive, as well as being a sounding board to the Chairman where necessary. Additionally, along with the Senior Independent Director, provide entrepreneurial leadership of the Group, and being collectively responsible, with the whole Board, for the long-term success of the Group and delivery of sustainable value to shareholders.

A full breakdown of the division of responsibilities of the Chairman, CEO and the Senior Independent Director is available on the website, <https://www.tbcbankgroup.com/>.

If there is a need for independent advice in exercising any part of its remit, the Board or any of its members may seek this directly at the Company's expense. An established procedure for Directors, in relevant circumstances, allows for them to request to obtain independent professional advice at the Company's expense. No such requests were made in 2025. Directors' and Officers' Liability Insurance is maintained for all Directors.

Company Secretary

The Company Secretary supports the Board and its Committees by ensuring that governance arrangements operate effectively and in accordance with applicable legal, regulatory and best-practice requirements. The Company Secretary is responsible for advising the Board on corporate governance matters, including the application of the UK Corporate Governance Code, supporting the efficient flow of information to the Board and Committees, and ensuring that Board and Committee procedures are followed. The Company Secretary facilitates induction and ongoing development of Directors, supports the Chairman in the evaluation of Board and Committee effectiveness, and acts as a key point of liaison between the Board, management and shareholders on governance matters.

Georgi Giguashvili was appointed as Company Secretary from 1 October 2024.

Matters reserved for the Board

The Board is responsible for the long-term sustainable success of the Company by setting its strategy and purpose, promoting the desired culture and ensuring that an appropriate risk management framework is in place. The Board has the following principal roles:

Role	Description
Purpose, values and culture	To help management shape the core values and culture that will best enable the Group to deliver its mission to make life easier.
Corporate strategy setting and monitoring	To agree and approve the strategic plan and objectives. The Board sets and reviews performance indicators to assess progress on the agreed strategy.
Organisation and leadership effectiveness	To ensure that the organisation leadership, design, capabilities and supporting systems match the requirements of the Group and the diverse strategies of the current and future businesses.

Operational and financial performance	Performance of the Group is reviewed in light of strategic aims, business plans and budgets. With the support of the Audit Committee, the Board approves the Group's annual and interim financial statements.
Shareholder and stakeholder engagement	The Company puts the balance of stakeholder interests and the long-term interests of the Group at the heart of all of its decision-making.

Board Evaluation

On an annual basis, an evaluation process is undertaken which considers the performance of the Board, its Committees and members of the PLC Board individually. This review identifies areas of strength and areas for improvement, informs training plans for our PLC Board members and identifies areas of knowledge, expertise or diversity which should be considered in the succession plans.

In 2021, TBC Bank engaged Lintstock Ltd to review the Board's performance for a three-year period. Lintstock is an advisory firm specialising in Board effectiveness reviews and has no other connection with TBC Bank or any of the company's Directors

Outcomes from the 2025 Board evaluation

Annual General Meeting

The Notice of Annual General Meeting ("AGM") for 2025 will be circulated to all the shareholders at least 21 working days before the AGM and it will also be made available on the investor relations website www.tbcbankgroup.com. The voting on the resolutions will be announced via the Regulatory News Service and made available on the investor relations website: www.tbcbankgroup.com.

4.2 Management Board of JSC TBC Bank

Management's Biographies



VAKHTANG BUTSKHRIKIDZE
CEO

Experience

- *Leading banker in the Caucasus and Eastern European region*
- *Extensive strategic and financial leadership experience of over 25 years*
- *Robust knowledge and expertise of strategic planning and development, startup and fintech management, mergers and acquisitions, and equity and debt capital debt raising and investor relations*

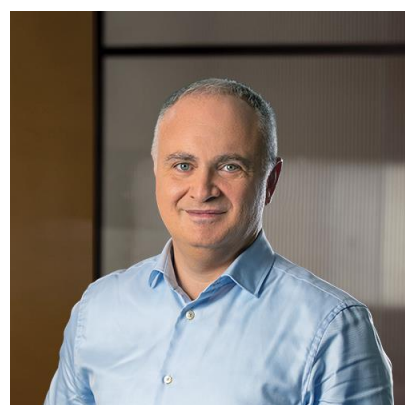
Vakhtang has more than 30 years of banking and financial industry experience. He led the Group from its founding in Georgia in 1992 as a start-up to the current market-leading financial institution. He joined TBC Bank as a Senior Manager in 1993 and became Chairman of the Management Board in 1996.

Since 1998, he has held the position of Chief Executive Officer of JSC TBC Bank and was appointed as Chief Executive Officer of TBC PLC in May 2016.

Vakhtang is a prominent banker in the Caucasus and Eastern European region and has received several prestigious awards, including the Best Banker 2011 award from the GUAM Organization for Democracy and Economic Development and was named CEO of the Year 2014 for Central and Eastern Europe and the CIS by EMEA Finance magazine. In March 2019, he won the Special Award for Responsible Capitalism in Adversity from the prestigious FIRST organisation - a multidisciplinary international affairs organisation, which aims to enhance dialogue between leaders in industry, finance and government.

Current external (non-Group) non-executive appointments

- *Board member of the Association of Banks of Georgia*
- *Board member of the Business Association of Georgia*
- *Member of the Visa Central & Eastern Europe, Middle East and Africa (CEMEA) Business Council*



GIORGI MEGRELISHVILI
Director, Chief Financial Officer

Giorgi was appointed as the Deputy CEO and CFO of JSC TBC Bank in October 2020. He joined the Bank as a Deputy CFO in March 2020.

Giorgi has 25 years of global leadership experience in financial services. Before joining TBC, Giorgi was a Director and Head of Capital Risk and Stress Testing at Natwest Markets N.V. in Amsterdam. Prior to that, Giorgi held a number of key leadership positions at Barclays Bank in London between 2008 and 2019, including as a Director at Barclays Treasury, the Head of Barclays Internal Large Exposure and the Head of Barclays Central Planning. During his work at Barclays, Giorgi also served as Barclays Bank PLC Solo Capital and Leverage Management Lead and the Head of Strategic Planning at Barclaycard UK.

In his earlier career, Giorgi held various senior managerial positions at several Georgian organisations. Giorgi holds an MBA from the University of Cambridge, Judge Business School.



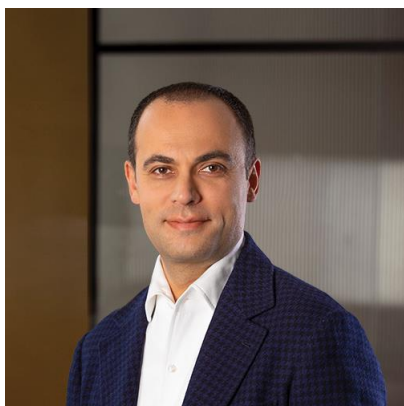
GEORGE TKHELIDZE

Director, Corporate and
Investment Banking, Wealth
Management

George was appointed to his current role at JSC TBC Bank in November 2016, leading the Corporate and Investment Banking businesses. George is also responsible for the Bank's Wealth Management and leasing businesses since January 2021. George first joined TBC in 2014 as Deputy CEO and the Chief Risk Officer of JSC TBC Bank.

George has more than 20 years of experience in global financial services. Prior to joining TBC, he worked for Barclays Investment Bank, where he held the position of Vice President in the Financial Institutions Group (FIG), EMEA. Before that, he was an Associate Director in the Barclays Bank Debt Finance and Restructuring teams. During his career at Barclays in London, George worked on and executed multiple M&A, debt and capital markets transactions with European financial institutions. In his earlier career in Georgia, George served as the Chief Executive Officer at Aldagi, the leading insurance company in Georgia and held progressively senior positions at the same company prior to that.

George is Stanford Executive Program (SEP) graduate, holds an MBA from the London Business School and a Master of Laws degree (LLM) in International Commercial Law from the University of Nottingham.



TORNIKE GOGICHAISHVILI

Director, MSME and Affluent
Banking

Tornike was appointed to his current role as Head of MSME and Affluent Banking in July 2024. Prior to that, Tornike was leading Retail, Payments and MSME. He joined TBC in 2018 as Deputy CEO and Chief Operating Officer of JSC TBC Bank.

Tornike has over 20 years of financial services and operations management experience in Georgia and CEE. Prior to joining TBC, he has served as a Deputy CEO and Chief Operating Officer at the Bank of Georgia Group and served at various other key positions at the same institution before that. During 2008-2010, Tornike held the position of CFO at BG Bank Ukraine (a subsidiary of Bank of Georgia). Earlier in his career, Tornike held the position of the CEO of Aldagi, an insurance company in Georgia, served as the chief financial officer of UEDC PA consulting and held various managerial positions at BCI Insurance. Tornike holds an MBA from the Caucasus School of Business and an executive diploma from Said Business School, Oxford.

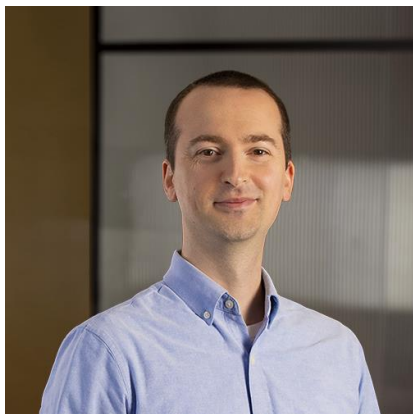


NINO MASURASHVILI
Director, Chief Risk Officer

Nino was appointed to her current role as the Chief Risk Officer of JSC TBC Bank in 2020. Prior to that, Nino held progressively senior positions at TBC after she first joined the Bank in 2000. Nino was appointed as the Deputy CEO of the Bank in 2006, leading TBC's retail and MSME businesses at various times.

Nino also serves on the supervisory boards of TBC's key subsidiaries, including TBC Uzbekistan, TBC Leasing, and Space International, TBC's digital banking platform. Nino has over 25 years of financial services and banking experience in Georgia. In her earlier career, Nino held various leadership and managerial positions at JSC TbilCom Bank and the Barents Group. Nino holds an MBA from the European School of Management in Tbilisi.

In addition to the Management Board, the people listed below are part of the Bank's Executive committee team.



BIDZINA MATSABERIDZE
Chief Information Officer

Bidzina was appointed to his current role as the Chief Information Officer at JSC TBC Bank in 2020. Prior to that, Bidzina held progressively senior technology positions at TBC after he first joined the Bank in 2008, starting from senior software engineer and team leader, followed by head of software architecture and CIO advisor roles.

Bidzina also serves on the supervisory boards of TBC's key subsidiaries, including UFC, a card processing center, and Space International, TBC's digital banking platform. Bidzina has nearly 20 years' experience in financial services and banking in Georgia. He has over 10 years of teaching experience in leading Georgian universities and is still actively involved in various scientific research projects in the field of computer science.

Bidzina holds a PhD in Computing from Tbilisi State University.



GVANTSA MURGHVLIANI
Head of Human Capital
Management

Gvantsa was appointed as the Head of Human Capital Management at JSC TBC Bank in January 2019. She first joined TBC Bank in 2004, since when she has progressed through various positions within the organization and accumulated over ten years of managerial experience. Prior to her current appointment, Gvantsa held the position of Head of Operations at Corporate and Investment Banking, where she was responsible for overseeing CIB operations, managing customer treatment activities, and addressing human capital issues. Before that, Gvantsa was in charge of the Business Transformation and Lean Management Department, where she led the end-to-end process redesign, implemented a lean methodology across the bank, provided efficiency enhancements, and optimized sales at the bank's branches.

Gvantsa holds an Executive Diploma from the Said Business School, University of Oxford, UK and a Master's degree from Lund University, Sweden. In addition, she holds both a Bachelor's and Master's degree in Computer Science from Georgian Technical University.



NIKOLOZ GVABERIDZE
Retail Lending and Operations
Director

Nika was appointed to his current role as Retail lending and Operations Director at JSC TBC Bank in July, 2024. Prior to that he was Chief Commercial Officer (CCO) at Space International and was leading sales and operations for TBC UZ and Payme, with a centralized approach to cross-country business. His banking career began in 2008 at Bank Constanta, where he developed expertise in lending. This foundational experience laid the groundwork for a dynamic career in the banking sector, where he enhanced skills in product development, team management, customer support, and lending. Nika played key roles in TBC Bank's acquisitions of Bank Constanta and Bank Republic (Société Générale) and was actively involved in launching innovative projects for the Georgian banking sector. In 2022-2023 years As the Chief Commercial Officer (CCO) at TBC UZ he led the creation of a fully digital bank, achieving key milestones in customer acquisition and digital innovation. Nika holds an MBA from the Free University of Tbilisi in Operations Management.

The Bank's Management Board Responsibilities

General Director, Chief Executive Officer

The Chief Executive Officer reports directly to the Supervisory Board and bears overall responsibility for steering the bank toward its strategic objectives and ensuring the effective execution of its strategy. This role encompasses overseeing the bank's daily operations and making key operational decisions. The CEO is also tasked with shaping, developing, and overseeing the Bank's overarching commercial goals. Together with the executive team, the CEO is accountable for all executive decisions and matters affecting TBC Bank. All members of executive management report to him and he directly oversees Human Capital, Agile Expertise, Brand Experience and Marketing, Security, Macro Financial Analyses, AI&Data Management, Strategic Development and Supervisory Board Support directions.

Director, Chief Financial Officer

The Chief Financial Officer (CFO) reports to both the Chief Executive Officer and the Supervisory Board and plays a key strategic role in the Bank's overall management. The CFO is primarily responsible for overseeing the planning, implementation, management, and control of all financial and back-office operational activities. These responsibilities encompass investor relations, financial technologies, financial operations management and control, corporate finance, as well as broader financial operations such as procurement, logistics, cash operations, and related activities.

Director, Corporate and Investment Banking, Wealth management

The Director of Corporate and Investment Banking reports to both the Chief Executive Officer and the Supervisory Board and plays a significant role in the Bank's overall management. He is primarily responsible for overseeing the planning, execution, management, and control of the Bank's corporate and investment banking activities. He ensures the efficient delivery of a broad spectrum of financial services to clients. His responsibilities cover corporate business management, wealth management, the investment business line, the CIB & WM Strategic Finance Department, CIB & WM Human Capital Development, as well as CIB & WM Value Proposition and Communications.

Director, Micro & Small and Medium Sized Entities (MSME) and Affluent

The Director of MSME and Affluent reports to both the Chief Executive Officer and the Supervisory Board and is primarily responsible for developing and executing the strategy for the Bank's MSME and Affluent banking segments, including their product offerings and target markets. The Director is accountable for retail business & business clients finance, deposits development, Secured lending, MSME Tribe and Affluent Tribe.

Director, Chief Risk Officer

The Chief Risk Officer (CRO) reports to the Chief Executive Officer and to the Supervisory Board. The CRO holds the primary responsibility for managing the Bank's risk management-related activities, including Operational & investment risk management, restructuring & recovery, risk compliance, retail, msme risk and model management, corporate credit risk management, legal, information security, Risk Tribe, ESG risk prevention, identification, measurement, mitigation, monitoring and reporting.

In addition to the Management Board, the positions listed below are part of the Bank's Executive committee team.

Director, Retail Lending and Operations

The Director of Retail Lending and Operations reports to the Chief Executive Officer and is primarily responsible for shaping and executing the strategy for the Bank's retail business, including its product portfolio and target market. The role also involves optimizing operational processes, enhancing the customer experience, and advancing digital innovation to support sustainable business growth and effective risk management.

Chief Information Officer

The Chief Information Officer (CIO) reports to the Chief Executive Officer and is responsible for leading the organization's IT strategy, ensuring it aligns with business goals, and spearheading digital transformation initiatives. The role includes managing IT infrastructure Services, Devops, operations, development and etc., while driving system efficiency and fostering technological innovation.

Head of Human Capital Department

The Head of the Human Capital Department reports to the Chief Executive Officer and is responsible for designing and implementing the organization's people strategy to attract, retain, and develop talent in alignment with business objectives. Key responsibilities include managing talent acquisition, performance management, compensation and benefits, hr operations, employee engagement, leadership development, and compliance with labor regulations. The role also emphasizes cultivating a strong organizational culture and driving HR initiatives to improve workforce productivity and overall well-being.

The following committees are functioning at the Bank's Management Board level that assist the Management in day-to-day management:

Committee Member	Managing of Conflict of Interests Committee (ad hoc basis)	Information Security Steering Committee	Assets and Liabilities Management Committee (ALCO)	ESG Committee	Environmental Committee
CEO	X	X	X	X	
CFO			X	X	
CIO		X		X	
CRO	X	X	X	X	X
Director, MSME and Affluent business			X	X	
Director, Retail Lending and Operations			X	X	
Director, Corporate and Investment Banking, Wealth management			X	X	
Head of Operational Risks		X			
Head of Compliance Department	X	X			
Head of Compliance and Controlling Division	X				
Head of Analytic Department of Security Service		X			
Head of Information Security		X			
Deputy CIO		X			
Head of ERM			X		
Head of Financial and Capital Risk Management division			X		
Head of Corporate Finance			X		
Head of Financial Analysis and Resource Management department			X		
Head of Asset - Liability Management division			X		
Head of IT Operations		X			
Head of ESG Coordination Department				X	X
Head of Corporate Business Credit Risk Division					X
Head of Treasury and Financial Services			X		
Head of Procurement Department				X	
Head of Investors Relations Department				X	
Head of Investment Risk Management Department				X	
Partner, Marketing Legion				X	
Lead of Strategic Communications Knowledge Center				X	
Head of Human Capital		X		X	
Head of Corporate Business Portfolio Management Division (E&S Risks)					X

5. Bank Strategy

Our strategy aims to deliver our mission to make people's lives easier.

We achieve this through providing best-in-class financial services to individuals and businesses. Each of our priorities has been carefully chosen and analysed to ensure that it contributes towards maintaining the Bank's high profitability, strong growth profile, and customer trust.

Our 3 Key Strategic Priorities

1. Increase digital engagement

- Drive productivity and efficiency through digital, automatised processes
- Increase the number of digital active users and their daily engagement
- Focus on increasing digital sales and offloading physical channels

2. Continue enhancing our customer experience

- Be a reliable partner for our individuals and business customers
- Design customer-tailored financial services and products seamlessly delivered across all channels
- Accelerate the development of innovative digital solutions enabling AI-based personalised customer experience

3. Build on our market leading position

- Maintain our commanding position in corporate, MSME and affluent retail
- Strengthen our position in the mass retail segment by expanding unsecured lending and deposit portfolio
- Enhance focus on daily banking and customer engagement
- Attract, develop and retain the best talent while cultivating a strong culture

6. Risk Management

Risk Management Framework

The Bank employs a comprehensive enterprise-wide Risk Management Framework, placing a strong emphasis on cultivating a robust risk culture throughout the organisation. The framework ensures that effective governance capabilities and methodologies are in place, facilitating sound risk management and informed decision-making.

Aligned with the Bank's overarching strategic objectives, the Risk Management Framework establishes standards and objectives while delineating roles and responsibilities. The Bank's principal risks, as detailed in this section, are systematically controlled and managed within the framework, promoting consistency across the organisation and its subsidiaries.

Led by the Chief Risk Officer and developed by the Bank's independent Risk function, the framework undergoes an annual review and approval process by the Supervisory Board. It encompasses risk governance through the Bank's "three lines of defence" operating model.

The Bank's risk appetite, supported by a robust set of principles, policies, and practices, defines acceptable levels of tolerance for various risks. This structured approach guides risk-taking within established boundaries, ensuring a proactive and disciplined risk management stance.

The Bank operates under the principle that all teams share responsibility for managing risk, with a particular emphasis on those facing the client. However, the Risk function assumes a crucial role in overseeing and monitoring risk management activities. This includes development of the framework and ensuring adherence to supporting policies, standards, and operational procedures. The Chief Risk Officer regularly reports to the Supervisory Board Risk Committee on the Bank's risk profile, performance and the effectiveness of the Bank's internal control system.

Moreover, the Bank has instituted a rigorous process to identify and manage material and emerging threats. These threats, which are deemed to potentially adversely affect the Bank's ability to meet its strategic objectives, are regularly reported to the Supervisory Board. The Bank's applied, comprehensive approach considers the interdependence of material and emerging threats, enhancing the overall risk intelligence provided to stakeholders.

Risk Governance

The Bank's risk governance structure is developed to ensure robust oversight and strategic decision-making within risk management. At its core, the risk-focused committees and risk functions assume pivotal roles in orchestrating effective risk management practices within the Bank.

At the Supervisory Board level, while the boards are responsible for overseeing risk management, in some instances activities within risk management and control are delegated to risk-focused committee. The committees' responsibilities encompass aligning risk practices with strategic goals, setting the risk appetite, discussing and approving risk policies, fostering a culture of responsible risk-taking, and monitoring risk identification and assessment processes. The committees are tasked with overseeing regular assessments of emerging and principal risks that could impact the business model, performance, solvency, and liquidity. Their leadership is critical for effective risk management and the long-term viability of the Bank.

At the Management Board level, committees assume a crucial role in steering effective risk management within the Bank. Whether through a single risk committee or multiple committees with more granular scopes (e.g. financial risks, reputational risk or information security), their responsibilities include closely overseeing risk exposures and making key decisions on risk mitigation and control. While specific duties may differ, the overall mission remains consistent: aligning risk management practices with regulatory requirements and risk tolerance.

Risk Culture And Three Lines Of Defence

At the core of the Bank's Risk Management Framework and practices is a robust risk culture that underscores the institution's commitment to prudent and strategic risk-taking. The Bank expects its leaders to demonstrate strong risk management behaviour, providing clarity on the desired level of risk taking, developing their respective capabilities and frameworks, and motivating employees to ensure risk-minded decision making.

The key principles governing risk culture across the Bank include: Board leadership (the Board sets the tone and establishes a foundation for a risk-aware culture throughout the organization); employee understanding and accountability (the Bank ensures that employees at every level understand the institution's approach to risk with a clear understanding that individuals are accountable for their actions concerning risk-taking behaviours aligned with the Bank's standards); communication (open, transparent, and effective communication is fundamental to the Bank's risk culture); and remuneration incentives (the Bank reinforces its risk culture by aligning remuneration incentives with sound risk management practices).

This holistic approach to risk culture ensures that the Bank and its subsidiaries are equipped with a resilient and proactive mindset, where risk management is ingrained in the organisational DNA.

To comprehensively manage risks, the Bank ensures adherence to the three lines of defence model:

- First Line of Defence: Business lines, as frontline defenders, engage in risk-taking activities with awareness of their impact on risks that may contribute to or hinder the achievement of the Bank's objectives. A well-established risk culture is fundamental to risk-taking decisions.
- Second Line of Defence: Risk management functions ensure effective risk management and controls by consolidating expertise, identifying, measuring, and monitoring risks, and assisting the first line. They act independently from the business lines and provide frameworks and tools for effective risk management.
- Third Line of Defence: The internal audit function provides assurance to the Board of Directors that the risk management and control efforts of both the first and second lines of defence meet the expectations set by the Board of Directors.

Risk Appetite

Risk appetite is defined as the set of acceptable limits that shape the combined level of risk that the Bank is prepared to accept in pursuit of return and value creation consistent with the approved strategy. The Bank's Risk Appetite Framework, which governs enterprise risk management, establishes the extent and process of permissible risk-taking to guide the Bank's business outcomes.

Considering the ever-changing risk profile of the Bank, the Risk Appetite Framework of the Bank is regularly reviewed, updated and approved by the Supervisory Board to make sure that it remains aligned with the Bank's desired level of risk-taking.

Risk Identification

The identification of risks serves as the foundational step in the Bank's risk management process. This process systematically recognises and documents any potential direct or indirect risks that could impact the achievement of organizational objectives. To ensure comprehensive, anticipatory identification of these risks, this process leverages input both from the Bank's lines of defence within the organisation and from external stakeholders.

The risk identification process within the Bank is governed by the Risk Registry Framework. Regular reviews and adjustments of the Risk Registry are undertaken to ensure its consistent relevance and effectiveness.

Risk Measurement

The Bank places significant emphasis on a comprehensive approach to risk measurement, aligning with its commitment to proactive risk management practices. Each identified risk direction is accompanied by tools for quantitative and qualitative measurement. The process is dynamic, continuously adapting to changes in the financial landscape and regulatory environment. Regular reviews and assessments ensure the effectiveness of the risk measurement tools and methodologies.

Risk Mitigation

Risk mitigation is a proactive approach aimed at minimising the potential negative consequences of risks. To proactively approach every material risk, the Bank develops and implements harmonised risk policies and frameworks, which play a key role by:

- Setting standards and guidelines – risk policies outline the standards and guidelines for how risks should be managed within the organisation and provide a structured approach to addressing risks, ensuring consistency and compliance with regulatory and internal requirements.
- Defining roles and responsibilities – risk policies clarify the roles and responsibilities of different individuals and departments in the risk mitigation process.
- Establishing procedures – risk policies provide a guiding framework for developing procedures for risk mitigation activities.

All policies are subject to regular reviews and updates to adapt to new challenges and refine its risk management strategies over time.

Risk Monitoring And Reporting

Risk reporting is a cornerstone of the Bank's robust Risk Management Framework. The Bank is mandated to establish robust risk reporting processes. These processes are designed to regularly communicate material risk exposures and the overall risk profile to the Supervisory and Management Boards and to senior management.

Regular monitoring is essential to ensure compliance with the established risk appetite and regulatory limits. It serves as a proactive measure to observe the evolution of the prevailing risk environment. The Bank emphasises a structured approach to risk reporting, including monitoring, to effectively capture, assess, and communicate risks. This ensures the provision of clear and timely information, fostering accountability among stakeholders in managing and addressing risks.

In addition to routine reporting, ad-hoc reporting can be triggered by key vulnerabilities, significant risk identification, or deviations from the targeted risk profile. This agile approach ensures that the risk reporting mechanism remains responsive to emerging risks and evolving circumstances.

Internal Control

TBC Bank has established an integrated Internal Control Framework, seamlessly aligning its risk, control, compliance, and internal audit functions for integrity, efficiency, and regulatory compliance. This comprehensive framework ensures meticulous adherence to policies and procedures, catering to the diverse needs of our products and services. It also enables an integrated, unified repository of audit findings and risk-related insights generated from our first, second, and third lines of defence and our regulatory and legal functions, reflecting our commitment to transparency and accountability.

The Internal Control Framework extends to the evaluation, testing, and follow-up of high and critical-risk processes, while simultaneously focusing on enhancing risk awareness and refining internal controls. Continuous monitoring and improvement initiatives are integral components of the framework, enhancing operational effectiveness. This approach fosters a culture of internal control, showcasing our dedication to excellence in managing internal controls and risks.

Stress Testing And Contingency Planning

It is essential for the Bank to examine its financial performance under conditions that diverge from baseline expectations. For that reason, the Bank subjects itself to various stress scenarios in order to identify vulnerabilities, quantify potential losses, and assess the sufficiency of its risk mitigation measures. Currently, the Bank has established its own comprehensive stress testing framework, which encompasses a range of scenarios to assess its resilience. This includes scenarios related to capital, liquidity, credit, cyber and other risk factors relevant to the prevailing risk environment. Stress testing is crucial to evaluate the ability to withstand adverse conditions, such as economic downturns, market volatility, and unforeseen events. Regular reviews and adjustments are essential to ensure the consistent relevance and effectiveness of the stress testing frameworks.

The Bank regularly performs stress test exercises. Stress tests are conducted within predefined frameworks such as Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) and Recovery Planning, and/or on an ad-hoc basis to assess the impact of certain system-wide or idiosyncratic events on the Bank's capital, liquidity, and financial positions. Although the overall stress testing approach is consistent, the severity of the stress scenarios differs according to the relevant framework.

In addition to stress testing analysis, the Recovery Plan serves as a strategic blueprint for both the Supervisory Board and the management to ensure its readiness for specific stress conditions. The Recovery Plan provides clear recovery options with specific steps to be undertaken including transparent and timely communication to internal and external stakeholders. The framework is subject to regular reviews and adjustments to ensure its consistent relevance and effectiveness.

The Bank also has a Business Continuity Plan in place. This plan ensures that the organisation is prepared to respond effectively to disruptions. By outlining strategies to maintain revenue streams and minimize financial losses during disruptions, these practices help to safeguard the organisation's financial stability and long-term viability.

PRINCIPAL RISKS AND UNCERTAINTIES

SPECIFIC FOCUS IN 2025

The Bank is exposed to the potential adverse effects of internal political tensions and uncertainty in its country of operation.

The Bank's performance is highly vulnerable to geopolitical developments in its operational market - Georgia.

In 2025, the tense political environment continued to be a major source of risk for the Georgian market. The political climate in Georgia grew strained following the parliamentary elections on October 26th 2024, as opposition parties opposed the results, with tensions increasing after November 28th, when the Government announced a temporary suspension of EU integration talks until the end of 2028.

This announcement sparked mass protests throughout the country, which continued on a moderated scale in 2025, with most of the opposition parties boycotting parliament, detentions of protest participants, and the jailing of some opposition leaders contributing to the high level of polarisation. Georgia's political environment also continued to be influenced by evolving international dynamics, including shifting relations with key global and regional partners. While the US and European countries have not introduced any direct measures affecting the broader economy or institutions to date, increased scrutiny and changes in international engagement following allegations of democratic backsliding contribute to an atmosphere of uncertainty, which remains a potential risk factor.

From an economic perspective, 2025 was a year of relative alignment with long-term trends. Heightened political tensions throughout 2024 reduced confidence in the GEL and raised uncertainty both domestically and internationally. Consequently, worsened expectations and a tense environment had a negative, albeit rather moderate, effect on tourism and consumer spending on durable goods at the end of 2024 and in the first months of 2025, resulting in elevated pressures on the GEL, intensified by large-scale deposit conversions from the national to foreign currency in the banking system. The National Bank of Georgia (NBG) was able to largely offset these pressures on the GEL through active FX interventions, although they significantly drained the country's reserves, falling below the level that the IMF deems sufficient. However, while the political environment remained polarised throughout 2025, spending dynamics began to recover from March. In particular, the environment grew more supportive of the GEL, caused by improved net currency inflows and recovering deposit polarisation. This allowed the NBG to replenish its international reserves to an historically high level of USD 6.2 billion (surpassing 100% adequacy level of the IMF's ARA metric) by purchasing more than USD 2.4 billion from the FX market throughout the year, while the GEL also strengthened against the USD by around 4.1%.

The Bank implemented appropriate measures to minimise the potential negative impact on the Bank's performance and the availability of its services to customers. The Bank utilizes a comprehensive stress testing framework and a range of risk measurement and monitoring tools. The effect of severe stress assumptions is assessed as part of the annual Recovery Plan process. In addition, the Bank had specifically developed several theoretical scenarios analysing the possible outcomes of the parliamentary elections in 2024 and designed stress tests to calibrate the potential effects on the Bank's performance, accordingly reevaluating potential risks in 2025 as well. At the beginning of 2025, the internal tensions scenario was also assessed under the ICAAP and ILAAP as one of the plausible scenarios the Bank could encounter within a market-wide stress test.

The Bank's performance may be compromised by Adverse Developments in the Region, in particular the war in Ukraine, the possible spread of the geopolitical crisis and/or the potential outflow of migrants from Georgia, and further military escalation in the Middle East, which could have a material impact on the operating environment in Georgia.

The Bank's performance is dependent on geopolitical developments in Georgia. Although inflows to the Georgian economy are quite diversified, the country is still vulnerable to geopolitical and economic developments in the region. Risks that are still tangible stemming from the Russian invasion of Ukraine and the consequent sanctions imposed on Russia, with the resulting elevated uncertainties, remain a major external potential threat to the Georgian economy. The country is also exposed to the risk of renewed military conflicts in its breakaway regions occupied by Russia, while some relatively distant conflicts, such as the escalation in the Middle East, might affect the Georgian economy through a stronger USD, higher oil prices, migration flows, etc.

While the migration effect has evidently moderated in recent years, it continues to make an important contribution to Georgia; therefore, any sizeable outflow could lead to a deterioration in the business environment. At the same time, the rapid conflict resolution scenario, especially in the case of lifted sanctions, could lead to at least partial realignment of current trade flows through Georgia, from which the country's economy has benefited in recent years. However, that would also likely create positive spillover effects, such as a strong rebound of economic growth in Russia and Ukraine.

The materialisation of these risks could severely hamper economic activity in Georgia, and negatively impact the business environment and the client and customer base of the Bank.

The Bank actively employs stress testing and other risk measurement and monitoring tools to ensure that early triggers are identified and translated into specific action plans to minimise any negative impact on the Bank's capital adequacy, liquidity, and portfolio quality. In extreme stress cases, where regulatory requirements may be breached, the Bank has a Recovery Plan in place, which helps to guide the Supervisory Board and the management through the process of recovery of the capital and/or liquidity positions within a prescribed timeframe.

The Bank's operating region introduces financial crime risk

Financial crime risk encompasses money laundering, terrorist financing, bribery and corruption, and sanctions-related risks. Since sanctions risk has continued to escalate in recent years, the Bank maintained a strong focus on managing and enhancing its sanctions risk control framework in 2025.

Georgia has historically maintained close business and financial ties with both Russia and Ukraine. However, the Russian Federation's full-scale invasion of Ukraine on 24 February 2022 triggered a robust international response, including the imposition of extensive economic sanctions by the US, EU, UK, and other global partners. These sanctions targeted a broad range of Russian and Belarusian government officials, oligarchs, businesses, financial institutions, and state-owned enterprises, along with sectoral restrictions and export/import bans across critical industries.

Since late 2023, leading sanctioning authorities have continued to tighten and expand restrictions, targeting Russia's military, these measures, alongside escalating political tensions in Georgia, have intensified scrutiny from international financial institutions and correspondent banks. These institutions have adopted a more cautious stance, implementing stricter requirements for transaction monitoring and customer due diligence.

The relocation of a significant number of Russian nationals to Georgia has further elevated sanctions risk. Given the Bank's interactions with Russian individuals, there is an increased risk of exposure to sanctions circumvention attempts.

In December 2023, the US Office of Foreign Assets Control (OFAC) issued an executive order requiring Georgian financial institutions to apply enhanced scrutiny to transactions involving Russian entities operating within the Russian economy, particularly those linked to military-industrial activities. Since then, additional sanctions packages from the EU, UK, and US have introduced further restrictions aimed at disrupting sanctions evasion networks and undermining support for Russia's war effort.

Domestically, the adoption of new regulatory measures by the Georgian authorities - designed to control the re-export of restricted goods of EU/UK/US origin to Russia and Belarus - has prompted the Bank to further enhance its sanctions controls. This includes implementing AI-driven monitoring tools and bolstering trade surveillance systems to prevent the illicit flow of sanctioned goods to or from restricted jurisdictions.

Political and geopolitical developments in Georgia in late 2024 and early 2025 contributed to a more complex risk environment. In response to concerns related to governance and institutional resilience, the US and UK introduced targeted sanctions against certain Georgian individuals holding public or influential positions. In April 2025, additional measures were extended to individuals within the judicial system. In September, sanctions were also imposed on Georgian nationals in connection with alleged links to Russia and activities involving the dissemination of pro-Russian propaganda. Further designations may be introduced in the future, subject to ongoing developments.

More recently, sanctions targeting major Russian oil companies, including Lukoil and Rosneft, also had implications for Georgia's oil sector. Except for the Lukoil subsidiary, which is permitted to conduct only limited operations under the applicable licenses until their expiration, the wider sector has remained largely unaffected, owing to the early diversification of its supply chains.

While the Red Sea crisis has eased, emerging trade corridors such as the Middle Corridor have gained prominence. Previously, Georgia faced risks related to Iran-linked transshipments in its Asia-bound trade, particularly in routes affected by US sanctions. However, these risks have diminished as trade flows shift toward alternative pathways.

Non-compliance with the US, EU, or UK sanctions regimes could result in significant regulatory penalties and enforcement actions by both the National Bank of Georgia and international authorities. Beyond regulatory consequences, the Bank remains exposed to reputational risks, particularly with correspondent banks and other critical financial partners.

The Bank maintains a zero-tolerance policy towards any breach or facilitation of breaches of UN, UK, US, and EU sanctions. We are committed to restricting any dealings with sanctioned parties or goods and services, whether directly or indirectly.

In line with our commitment, the Bank has implemented a comprehensive Anti-Financial Crime Policy that addresses key risk areas, including money laundering, terrorist financing, bribery, corruption, and sanctions. To ensure adherence, employees receive regular training on financial crime risk management and are made aware of the Bank's approach and the potential consequences of non-compliance.

Our objective is to protect our customers, shareholders, and society from financial crime and associated threats. The Bank is fully committed to complying with applicable international and domestic laws and regulations related to financial crime. We strive to meet industry best practice standards consistently.

To prevent any association with unlawful activities such as money laundering, terrorist financing, bribery, corruption, sanctions violations, or tax evasion, the Bank has implemented internal policies, procedures, and detailed instructions. Our Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) compliance programme includes:

- Policies and procedures to ensure compliance with AML laws and regulations.
- Know Your Customer (KYC) and customer due diligence procedures.
- A customer acceptance policy.

- Screening against global sanctions lists of all relevant authorities.
- Regular staff training and awareness-raising.
- Compliance reviews and independent testing.
- Procedures for monitoring and reporting suspicious activities.

The Bank has allocated specific resources to sanctions risk management, including:

- Acquisition of software and databases to assist in sanctions risk mitigation.
- Engagement of external advisers to provide recommendations for improvements.
- Conducting external audits to assess internal policies and procedures.
- Empowering dedicated staff with the relevant knowledge.
- Establishing new arrangements within the Compliance Division, including the addition of new human resources.

As part of the second line of defence, the Bank Compliance manages risk in accordance with the risk appetite defined by the Bank and promotes a strong risk culture throughout the organisation. The Bank has implemented a sophisticated, artificial intelligence-based AML solution to enable AML Officers to monitor client transactions and identify suspicious behaviour.

This system utilizes data analytics and machine learning to detect anomalies, identify organized money laundering activities, and create automated systems for pattern recognition. The tool compiles incidents into dashboards for AML officers to take further action. The Bank continuously works to enhance the efficiency of AI- and technology-based tools by addressing a broader spectrum of constraints.

The Bank conducts an annual Enterprise-Wide Risk Assessment (EWRA) in line with the approved methodology, separately evaluating the inherent risks and control environments for AML/CTF and Sanctions risks. Overall residual AML/CTF risk of the Bank for the previous year was assessed as Medium, while Sanctions risk – as Medium Tending High.

The Bank remains committed to robust financial crime compliance and continues to reinforce the role and capacity of its AML and Sanctions Controls functions.

FINANCIAL RISKS

[The majority of the Bank's earnings capacity is generated via credit risk bearing asset side elements.](#)

Credit risk is the greatest material risk faced by the Bank, given that the Bank is principally engaged in traditional lending activities. Credit risk is the risk of losses due to the failure of a customer or counterparty to meet their obligations to settle outstanding amounts in accordance with agreed terms. The Bank's customers include legal entities as well as individual borrowers. Due to the high level of dollarisation in Georgia's financial sector, currency-induced credit risk is a component of credit risk, which relates to risks arising from foreign currency-denominated loans to unhedged borrowers in the Bank's portfolio. Credit risk also includes concentration risk, which is the risk related to credit portfolio quality deterioration as a result of large exposures to single borrowers or groups of connected borrowers, or loan concentration in certain economic industries. Losses incurred due to credit risk may be further aggravated by unfavourable macroeconomic conditions.

A comprehensive Credit Risk Assessment framework is in place with a clear division of duties among the parties involved in the credit analysis and approval process. The credit assessment and monitoring process differ by segment and product type to reflect the diverse nature of these asset classes. The Bank's credit portfolio is highly diversified across customer types, product types and industry segments, which minimizes credit risk at the Bank level. As of 31 December 2025, the retail segment represented 36.2% of the total portfolio, which was comprised of 54.9% mortgage and 45.1% non-mortgage exposures.

Collateral represents the most significant credit risk mitigation tool for the Bank, making effective collateral management one of the key risk management components. The Bank has a largely collateralised portfolio in all its segments, with real estate representing a major share of collateral. As of 31 December 2025, 75.8% of the Bank's portfolio was secured by cash, real estate or gold.

Currency-Induced Credit Risk (CICR)

The Banking business in Georgia has a significant credit portfolio in foreign currencies. A potential material GEL depreciation is one of the most significant risks that could negatively impact credit portfolio quality. As of 31 December 2025, 45.5% of the Bank's total gross loans and advances to customers (before provision for loan impairment) were denominated in foreign currencies. The income of many customers is directly linked to foreign currencies via remittances, tourism or exports. Nevertheless, customers may not be protected against significant fluctuations in the GEL exchange rate against the currency of the loan. The GEL remains in free float and is exposed to a range of internal and external factors that, in some circumstances, could lead to its depreciation. In 2025, the average USD/GEL currency exchange rate depreciated by 0.8% year-on-year.

Concentration Risk

Although the Bank is exposed to single-name and sectoral concentration risks, the Bank's portfolio is well diversified both across sectors and single-name borrowers, resulting in only a moderate vulnerability to concentration risks. However, should exposure to common risk drivers increase, the risks are expected to amplify accordingly. The Bank's maximum exposure to the single largest industry (Real Estate) stood at 13% of the loan portfolio as of 31 December 2025. At the same time, exposure to the 20 largest borrowers stood at 8.7% of the loan portfolio.

Counterparty Risk

In addition, credit risk also includes counterparty credit risk, as the Bank engages in various financial transactions with both banking and non-banking financial institutions. Through performing banking services such as lending in the interbank money market, settling a transaction in the interbank foreign exchange market, entering into interbank transactions related to trade finance, or investing in securities, the Bank is exposed to the risk of losses due to the failure of a counterparty bank to meet its obligations.

To manage counterparty risk, the Bank defines limits on an individual basis for each counterparty, while on a portfolio basis it limits the expected loss from treasury, trade finance and other business exposures. As of 31 December 2025, the Bank's interbank exposure was concentrated with banks that external agencies, such as Fitch, Moody's and Standard and Poor's, have assigned high A-grade credit ratings.

Credit approval

The Bank focuses on robust credit-granting by establishing clear lending criteria and efficient credit risk assessment processes, including CICR and concentration risk.

Credit assessments vary by segment and product, reflecting the characteristics of the different asset classes. Decisions are either automated or manually assessed, following segment-specific guidelines. Automated decisions use internal credit risk scorecards, aiming for increased automation to enhance decision speed and competitive advantage. For loans requiring manual review or unsuited to automation, credit committees make decisions based on the client's indebtedness and risk profile, in full compliance with legal requirements. These committees, structured in multiple tiers, review and approve loans, differing by size and risk of the credit product.

To address the CICR, the client's ability to withstand a certain amount of exchange rate depreciation is incorporated into the credit underwriting framework, which also includes significant currency depreciation buffers for unhedged borrowers.

The NBG issued an order mandating that all loans and bank credits up to GEL 750,000 be issued exclusively in the national currency, effective 1 August 2025. This measure, which replaces the previous GEL 500,000 threshold that had been in force since 1 January 2025, is intended to further reduce dollarisation risks and enhance the resilience of the Georgian financial system. Since the beginning of 2024, this is the third increase in the ceiling on unhedged foreign loan amounts. Previously, the limit was increased from 300,000 GEL to 400,000 GEL on May 1st 2024.

Throughout 2025, the reserve requirement on foreign currency liabilities remains unchanged at 25%. Previously, in November 2024, the National Bank of Georgia increased the reserve requirement by 5pp to 25%, to further support the larisation of the banking system.

Credit monitoring

The Bank emphasises proactive risk management, with credit risk monitoring as a core element. We use a robust system to quickly respond to macro and micro changes, identifying vulnerabilities in our credit portfolio to make informed decisions. Our risk resilience involves regular monitoring of concentration risk, CICR, and other credit risk factors. We employ a portfolio supervision system to detect weaknesses in credit exposures, analyse risk trends, and recommend actions against emerging risks. Particular attention is paid to CICR due to the high share of loans denominated in foreign currencies in the Bank's portfolio. Vulnerability to exchange rate depreciation is monitored in order to promptly implement an action plan, as and when needed. Given the experience and knowledge built through recent currency volatility, the Bank is in a good position to promptly mitigate exchange rate depreciation risks.

Tailoring monitoring to segment specifics, we focus on individual credit exposures, portfolio performance, and external trends affecting risk profiles. Our vigilant stance includes early-warning systems to identify financial deterioration or fraud in clients' positions. These systems track signs like overdue days, refinancing, LTV changes, or tax liens. Large overdue exposures receive individual monitoring to assess clients' loan servicing capabilities.

In fraud prevention, we monitor first payment defaults across credit experts, bank branches, or companies employing our clients. Our institutions have credit monitoring and reporting processes for their Supervisory and Management Boards or risk committees, ensuring transparency and informed decision-making.

In addition to our underwriting and monitoring efforts, relevant buffers are built into our capital adequacy requirements to ensure that our banks are sufficiently capitalised to cover CICR, concentration risk, and credit risk in general. We utilize stress testing and sensitivity analysis to assess our credit portfolio's resilience, preparing for different economic conditions and evolving client needs.

Credit risk appetite

The credit risk appetite of the Bank is defined by the Risk Appetite Frameworks of the Bank and its financial institution subsidiaries, guiding credit risk-taking. These frameworks offer qualitative guidance and quantitative limits to set acceptable credit risk levels. Key quantitative metrics include NPL proportion and cost of risk. Risk Appetite Frameworks also set strict limits and ensure close monitoring of Currency-Induced Credit Risk and concentration risk, covering sectoral and single-name concentrations.

Credit ratings are essential in determining credit risk tolerance. They provide a thorough assessment of a borrower's creditworthiness, which is crucial for understanding their ability to fulfill their financial commitments. These ratings are fundamental in establishing guidelines for acceptable risk levels and are integrated into our Risk Management Framework. They enhance our ability to define and manage credit risk, allowing for a detailed understanding of borrower creditworthiness, leading to informed decision-making and appropriate risk threshold setting.

We approach credit risk by combining comprehensive Risk Appetite Frameworks with the strategic use of credit ratings. This integrated approach enables the Bank to effectively navigate the changing credit risk landscape with resilience and agility.

The Bank underwrites the responsibility to adhere at all times to minimum regulatory requirements on capital, which may compromise growth and strategic targets. Additionally, adverse changes in FX Rates may impact the Capital Adequacy Ratios.

Capital risk is a significant focus area for the Bank. Capital risk is the risk that the Bank may not have a sufficient level of capital to maintain its normal business activities, and to meet its regulatory capital requirements under normal or stressed operating conditions. The management's objectives in terms of capital management are to maintain appropriate levels of capital to support the business strategy, meet regulatory and stress testing-related requirements and safeguard the Bank's ability to continue as a going concern. The Bank's ability to comply with regulatory requirements can be affected by both internal and external factors.

Some key concerns include the deterioration of asset quality leading to losses, reductions in income, rising expenses, and potential difficulties in raising capital. Local currency volatility has been and remains a significant risk for the JSC TBC Bank's capital adequacy. A 10% GEL depreciation would translate into a 0.8pp, 0.7pp and 0.6pp drop in JSC TBC Bank's excess CET 1, Tier 1 and Total regulatory capital, respectively.

The Bank undertakes stress testing and sensitivity analysis to quantify extra capital consumption under different scenarios. Such analyses indicate that the Bank holds sufficient capital to meet the current minimum regulatory requirements. Capital forecasts, as well as the results of stress testing and what-if scenarios, are actively monitored with the involvement of the Bank's Executive Management and the Risk Committee of the Supervisory Board to help ensure prudent management and timely action, when needed. These analyses are used to set appropriate risk appetite buffers internally, on top of the regulatory requirements. The Bank regularly performs stress tests serving multiple purposes. They are performed routinely, either under the frameworks listed or on an ad-hoc basis, to assess the magnitude of certain stressful environments. Stress tests are performed for the Internal Capital Adequacy Assessment Process (ICAAP), regulatory stress tests and the Recovery Plan, among other purposes. The key objective of the regulatory stress test is to define the net stress test buffer under the capital adequacy minimum requirement framework. Starting from 2018, regulatory stress tests are performed and submitted to the regulator upon their request. The purpose of the ICAAP is to identify all the material risks faced by the Bank and to have an internal view of the capital needed to cover those risks. The objective of the ICAAP is to contribute to the Bank's continuity from a capital perspective by ensuring that it has sufficient capital to bear its risks, absorb losses and follow a sustainable strategy, even during a stress period. Stress testing under the Recovery Plan assumes more severe stress scenarios, specifically aimed at breaching regulatory requirements and assessing the Bank's ability to recover the capital position with the help of viable recovery options within a reasonable timeframe. Under the risk appetite and the capital planning process, the Bank sets aside capital as a buffer to withstand certain amounts of local currency fluctuation.

Regulatory Environment

The Bank's objectives in terms of capital management are to maintain appropriate levels of capital to support the business strategy, meet regulatory and stress testing-related requirements, and safeguard the Bank's ability to continue as a going concern.

The Bank complied with all its internally and externally imposed capital requirements throughout 2025.

In December 2017, the NBG adopted amendments to the regulations relating to capital adequacy requirements. These changes include amendments to the regulation on capital adequacy requirements for commercial banks, and the introduction of new requirements (i) on additional capital buffer requirements for commercial banks within Pillar 2; (ii) on the determination of the countercyclical buffer rate; and (iii) on the identification of systematically important banks and determination of systemic buffer requirements. The purpose of these amendments is to improve the quality of banks' regulatory capital and achieve better compliance with the Basel III framework.

The NBG developed requirements for the transition process to International Financial Reporting Standards (IFRS) in 2020 - 2022. In January 2023, the NBG adopted amendments to the regulations relating to capital adequacy requirements, commercial banks to comply with supervisory regulations that use IFRS-based numbers and approaches. Under the IFRS transition process, the NBG introduced a credit risk adjustment (CRA) buffer. The CRA buffer was implemented as a Pillar 2 requirement and was fully set on CET 1 capital.

In March 2023, the Financial Stability Committee of the NBG decided to set the neutral (base) rate of the countercyclical buffer at 1%. Banks are required to accumulate a countercyclical capital buffer according to a predetermined schedule: 0.25% by March 2024, 0.50% by March 2025, 0.75% by March 2026 and fully phased-in 1% by March 2027. The countercyclical buffer could be increased at times of strong credit activity and suspended during periods of stress.

In May 2023, the NBG introduced a new requirement on Minimum Requirements for Own Funds and Eligible Liabilities (MREL) under the Bank Recovery and Resolution Framework.

According to the new requirements, commercial banks must hold specific amounts of equity, subordinated debt, and of qualifying non-deposit senior debt that could be subject to bail-in in the event of bank failure. However, this should not affect risks for existing senior creditors because the bank resolution legislation in Georgia already provides a credible mechanism for the bail-in of senior obligations. MREL implementation will be phased in gradually, starting from 10% of Total Liabilities and Own Funds (TLOF) on 1 January 2024, before increasing to 15% at end-2025, and 20% at end-2027. MREL-eligible instruments will include regulatory capital and senior, unsecured non-deposit obligations with maturities of at least one year, subject to the NBG's approval.

	MREL Resource
Own funds and eligible liabilities	8,678,919,525
Own funds ¹	7,072,884,640
Common Equity Tier 1 (CET 1)	5,222,768,377
Additional Tier 1 Capital (AT 1)	1,010,662,500
Tier 2 Capital (Tier 2)	839,453,764
Eligible liabilities	1,606,034,885
Subordinated Loans (not classified as own funds) ²	26,303,906
Eligible liabilities ³	1,579,730,979
Total Liabilities and Own Funds	38,715,693,719
MREL ratio	22.42%
MREL requirement	15.00%

1 Capital Instruments

2 Includes the part of the subordinated liabilities that is amortized as well as subordinated liabilities that are not classified as own funds.

3 Includes eligible liabilities with a residual maturity of more than one year that are not classified as own funds. Additionally, contracts of these liabilities may be governed by Georgian law or fully or partially be subject to a law of a foreign country jurisdiction. Contracts of liabilities fully or partially governed by foreign legislation must include a provision for using the bank's liability write-off or conversion resolution tool for recapitalization (bail-in clause).

In November 2023, the NBG introduced the concept of a foreseeable dividend, which should be deducted from retained earnings. According to the regulation, a foreseeable dividend is considered to be the amount of a dividend approved or submitted for approval by the relevant entity defined by the charter of the commercial bank (Supervisory Board).

As another pillar of the NBG's de-dollarisation-oriented policy, in November 2024, the Monetary Policy Committee of the NBG increased the reserve requirement on foreign currency liabilities by 5pps from 20% to 25%.

In December 2024, the NBG also made amendments to the systemic risk buffer calculation methodology. According to the new methodology, the current systemic risk buffer for JSC TBC Bank amounts 2.5% and can be increased by 0.5% if the bank's share of non-bank deposits in the total non-bank deposits of commercial banks and microbanks equals or exceeds 40%, based on the average of the previous three consecutive months. Additionally, for every further 2-percentage-point increase (in multiples of two), the buffer will be raised by an additional 0.5%. The Bank must comply with the increased requirement in a 12-month period. If the bank's share of non-bank deposits over the past 12 consecutive months decreases by any multiple of 2% or falls below 40%, the buffer will be reduced by 0.5% for each such decrease. The upper limit for the systemic buffer is set at 5%.

In January 2025, the NBG introduced a new counterparty credit risk assessment methodology aligned with Basel III standards. The new standardised framework incorporates a broader set of risk-sensitive parameters, including various forms of collateral (such as variation and initial margins), fair values of derivative positions, hedge structures, and other relevant exposure characteristics. This enhancement ensures a more comprehensive and risk-aligned measurement of counterparty exposures across the banking sector.

The following table presents the capital adequacy ratios and minimum requirements:

<i>in thousands of GEL</i>	31-Dec-25	31-Dec-24	31-Dec-23
CET 1 capital	5,222,768	4,843,167	4,235,033
Tier 1 capital	6,233,431	5,895,717	4,772,913
Tier 2 capital	839,454	966,246	601,388
Total regulatory capital	7,072,885	6,861,963	5,374,301
Risk-weighted exposures:			
Credit risk-weighted exposures	26,971,743	24,948,193	21,018,445
Risk-weighted exposures for market risk	252,216	96,836	69,880
Risk-weighted exposures for operational risk	4,181,738	3,797,799	3,248,365
Total risk-weighted exposures	31,405,697	28,842,828	24,336,690
<i>Minimum CET 1 ratio</i>	14.8%	14.4%	14.3%
CET 1 capital adequacy ratio	16.6%	16.8%	17.4%
Minimum Tier 1 ratio	17.0%	16.7%	16.6%
<i>Tier 1 capital adequacy ratio</i>	19.8%	20.4%	19.6%
Minimum total capital adequacy ratio	20.0%	19.7%	19.8%
Total capital adequacy ratio	22.5%	23.8%	22.1%

The Bank inherently is exposed to funding and market liquidity risks

Liquidity risk is the risk that the Bank either may not have sufficient financial resources available to meet all its obligations and commitments as they fall due or may only be able to access those resources at a high cost.

Liquidity risk is categorised into two risk types: funding liquidity risk and market liquidity risk.

- Funding liquidity risk is the risk that the Bank will not be able to efficiently meet both expected and unexpected current and future cash flows without affecting either its daily operations or its financial condition under both normal conditions and during a crisis.
- Market liquidity risk is the risk that the Bank cannot easily offset or eliminate a position at the then-current market price because of inadequate market depth or market disruption.

While the Bank currently has sufficient financial resources available to meet its obligations as they fall due, liquidity risk is inherent in banking operations and can be heightened by numerous factors. These include an over-reliance on, or an inability to access, a particular source of funding, as well as changes in credit ratings or market-wide phenomena. Access to credit for companies in emerging markets is significantly influenced by the level of investor confidence and, as such, any factors affecting investor confidence (e.g. a downgrade in credit ratings, central bank or state interventions, or debt restructurings in a relevant industry) could influence the price or the ability to access the funding necessary to make payments in respect of the Bank's future indebtedness.

Both funding and market liquidity risks can emerge from a number of factors that are beyond the Bank's control. There is adequate liquidity to withstand significant withdrawals of customer deposits, but the unexpected and rapid withdrawal of a substantial number of deposits could have a material adverse impact on the Bank's business, financial condition, and results of operations and/or prospects.

The Bank's liquidity risk is managed through the Supervisory Board's Bank Liquidity Risk Management Policy. The Assets and Liabilities Management Committee (ALCO) is the core asset-liability management body ensuring that the principal objectives of the Bank's Liquidity Risk Management Policy are met on a daily basis. The approved Liquidity Risk Management Framework ensures the Bank meets its payment obligations under both normal and stress situations.

To mitigate the liquidity risk, the Bank holds a solid liquidity position by maintaining comfortable buffers over the regulatory minimum requirements. All regulatory ratios are monitored regularly, with an early-warning system in place to detect potential adverse liquidity events. This is facilitated by the Risk Appetite Framework of the Bank which sets buffers over the regulatory limits, ensuring early detection of potential liquidity vulnerabilities. The liquidity risk position and compliance with internal limits are closely monitored by the ALCO of JSC TBC Bank.

JSC TBC Bank's liquidity risk is managed by the Asset-Liability Management division and Treasury department and is monitored by the Management Board and the ALCO, within their pre-defined functions. The Financial and Capital Risk Management (FCRM) division is responsible for developing procedures and policy documents and setting risk appetites on funding and market liquidity risk management. In addition, the FCRM performs liquidity risk assessments and communicates the results to the Management Board and the Risk Committee of the Supervisory Board on a regular basis.

The Bank maintains a diversified funding structure to manage the respective liquidity risks. The Bank's principal sources of liquidity include customer deposits and accounts, borrowings from local and international banks and financial institutions, subordinated loans from international financial institution investors, local interbank short- duration term deposits and loans, proceeds from the sale of investment securities, principal repayments on loans, interest income, and fee and commission income. The Bank relies on relatively stable deposits from Georgia as its main source of funding. The Bank also monitors the deposit concentration for large deposits and sets limits for deposits by non-Georgian residents in its deposit portfolio.

To maintain and further enhance its liability structure, the Bank sets targets for deposits and funds received from international financial institution investors in its risk appetite via the respective ratios. The loan to deposit and IFI funding ratio (defined as the total value of net loans divided by the sum of the total value of deposits and funds received from international financial institutions) stood at 97.0%, 97.6% and 94.7%, as of 31 December 2025, 2024 and 2023, respectively.

The management believes that, despite a substantial portion of customers' accounts being on demand, the diversification of these deposits by the number and type of depositors, coupled with the Bank's past experience, indicates that these customer accounts provide a long-term and stable source of funding for the Bank. Moreover, the Bank's liquidity risk management includes the estimation of maturities for its current deposits. The estimate is based on statistical methods applied to historic information about the fluctuations of customer account balances.

Stress testing is a major tool for managing liquidity risk. Stress testing exercises are performed within the ILAAP and Recovery Plan Frameworks as well as on an ad hoc basis, when there is a significant change in the prevailing risk environment. The former assesses the adequacy of the liquidity position and relevant buffers and whether they can sustain plausible severe shocks, while the latter provides a set of possible actions that could be taken in the unlikely event of regulatory requirement breaches to support a fast recovery in the liquidity position. The recovery plan encompasses a Liquidity Contingency Funding Plan which, along with the risk indicators and mitigation actions, outlines the roles and responsibilities of those involved in executing the plan. Both the ILAAP and the Recovery Plan are performed by the Bank on an annual basis.

Market Risk arises from optimising capital allocation and asset liability management operations.

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

Foreign Exchange (FX) Risk

Foreign exchange (FX) risk arises from the potential change in foreign currency exchange rates, which can affect the value of a financial instrument. This risk stems from the open currency positions created due to mismatches in foreign currency assets and liabilities. The Bank identifies, assesses, monitors, and communicates the risk arising from exchange rate movements and the factors that influence this risk.

To mitigate FX Risk, the Bank sets risk appetite and operational limits on the level of exposure by currency as well as on aggregate exposure positions that are more conservative than those set by the regulators. Compliance with the limits is closely monitored by the ALCO of JSC TBC Bank. Compliance with these limits is also reported periodically to the Management Board and to the Supervisory Board and its Risk Committee.

In addition, the Treasury department and Financial and Capital Risk Management division separately monitor JSC TBC Bank's compliance with the set limits daily. In order to safeguard against the inherent volatility in the foreign exchange market, the Bank employs a risk management process aimed at mitigating FX risk. This involves the strategic use of spot, forward, and swap transactions.

To assess currency risk, JSC TBC Bank performs a VAR sensitivity analysis on a regular basis. This analysis calculates the effect on the Bank's income determined by the worst possible movements of currency rates against the Georgian Lari, with all other variables held constant. As of 31 December 2025 and 2024, this sensitivity analysis did not reveal any significant potential effect on the Bank's equity: as of 31 December 2025, the maximum loss with a 99% confidence interval was equal to GEL 9.3 million, compared to a maximum loss of GEL 5.5 million as of 31 December 2024.

Interest Rate Risk

Interest rate risk arises from potential changes in market interest rates that can adversely affect the value of the Bank's financial assets and liabilities. This risk can arise from maturity mismatches between assets and liabilities, as well as from the re-pricing characteristics of such assets and liabilities.

The biggest share of the Bank's deposits and part of the loans are at fixed interest rates, while more than of half of the Bank's borrowings are at a floating interest rate. In addition, the Bank actively uses floating and combined interest rate structures in its loan portfolio. Since the assets and liabilities have different re-pricing characteristics, their corresponding interest margins may increase or decrease as a result of market interest rate changes, potentially entailing negative effect on net interest income.

The Bank's market risk is governed through the Supervisory Board's Bank FX Risk Management and Bank Interest Rate Risk Management policies. In addition, in 2025 JSC TBC Bank established the Trading Book of Securities Policy to ensure comprehensive coverage of all market-risk sources associated with the fixed-income portfolio.

To mitigate interest rate risk, JSC TBC Bank considers numerous stress scenarios, including different yield curve shifts and behavioural adjustments to cash flows (such as deposit withdrawals or loan prepayments), to calculate the impact on one year profitability and the enterprise value of equity. In addition, appropriate limits on both net interest income (NII) and economic value of equity (EVE) sensitivities are set within the Risk Appetite Framework approved by the Supervisory Board.

Interest rate risk in JSC TBC Bank is managed by the Asset-Liability Management division and the Treasury department and is monitored by the ALCO. The ALCO decides on actions that are necessary for effective interest rate risk management and follows up on their implementation. The Financial and Capital Risk Management division is responsible for developing guidelines and policy documents and setting the risk appetite for interest rate risk. The major aspects of interest rate risk management development and its respective reporting are periodically provided to the Management Board, the Supervisory Board, and the Risk Committee.

To minimize interest rate risk, the Bank regularly monitors interest rate (re-pricing) gaps by currencies and, in case of need, decides to enter into interest rate derivatives contracts.

Furthermore, many of the Bank's loans to customers contain a clause allowing it to adjust the interest rate on the loan in case of adverse interest rate movements, thereby limiting exposure to interest rate risk. The management also believes that the Bank's interest rate margins provide a reasonable buffer to mitigate the effect of a possible adverse interest rate movement.

Any decline in the Bank's net interest income or net interest margin (NIM) could lead to a reduction in profitability, impacting the accumulation of organic capital.

Net interest income accounts for most of the Bank's total income. Potential new regulations, along with a high level of competition in Georgia, may negatively impact the Bank's net interest margin. At the same time, cost of funding is largely exogenous to the Bank and is derived from both local and international markets.

In 2025, NIM increased by 0.15 bps from 4.26% to 4.41%. Main driver was an improved earning asset composition and respective higher income.

The Bank continues to focus on the growth of fee and commission income, driven by increased efforts towards customer experience-related initiatives and innovative products in the Georgian market. This safeguards the Bank from potential margin compressions on lending and deposit products in the future. To meet its asset-liability objectives and manage the interest rate risk, the Bank uses a high-quality investment securities portfolio, long-term funding, and derivative contracts.

The Bank's Performance May be Compromised by Adverse Developments in the Economic Environment

A potential slowdown in economic growth in Georgia will likely have an adverse impact on the repayment capacity of borrowers, restraining their future investment and expansion plans. Negative macroeconomic developments could compromise the Bank's performance in various ways, such as exchange rate depreciation, a sizable decline in gold prices, a spike in interest rates, rising unemployment, a decrease in household disposable income, falling property prices, worsening loan collateralisation, or falling debt service capabilities of companies because of decreasing sales. Potential political and economic instability in Georgia's neighbouring countries and main trading/economic partners could negatively affect its economic outlook through worsening current and financial accounts in the balance of payments (e.g. decreased exports, tourism inflows, remittances and foreign direct investments). In 2025, despite the still somewhat tense political environment in Georgia and global geopolitical shifts, no significant materialisation of the abovementioned macroeconomic risks was observed in Georgia, affecting the Bank's operations.

The Georgian economy expanded by double digits in 2021-2022, by 7.8% in 2023, and, despite internal political turbulence, by 9.7% in 2024. This strong growth momentum continued in 2025, with only a gradual moderation of the long term-trend as real GDP grew by 7.5% on average. Robust real credit and wage growth, an improved external trade balance, and strong currency inflows from tourism and remittances contributed the most to GDP growth, while FDIs and migrant spending remained broadly flat. Consequently, while Georgia's headline current account deficit stood at historically low levels, seasonally adjusted underlying current account (excluding reinvestments) consecutively recorded surpluses in the second and third quarters of 2025, expected to finish the year with a positive balance for the first time ever. The noticeable improvement in the trade balance was driven by subdued growth of imports, while stronger exports were largely driven by re-exports. Strengthened net currency inflows, deposit conversions gradually switching back from the foreign currencies to the GEL, and a globally weaker USD allowed the National Bank of Georgia to focus on replenishing its international reserves in 2025.

The NBG purchased more than USD 2.4 billion from the FX market, increasing its gross reserves to an historical high of USD 6.2 billion, while the GEL exchange rate appreciated by around 4.1% against the USD.

At the same time, consumer price inflation relatively accelerated in the country, although in line with expectations, standing at 4.0% in December, slightly above the NBG's 3% target. Taking strong growth and elevating inflation into consideration, the NBG maintained its monetary policy rate unchanged at 8.0%.

NON-FINANCIAL RISKS

The Bank is Exposed to Regulatory and Enforcement Action Risk

The Bank operates within a complex and evolving regulatory environment, which exposes it to regulatory, supervisory, and enforcement action risk. The National Bank of Georgia (NBG) establishes prudential and conduct requirements, including capital adequacy standards, liquidity and investment ratios, lending limits, reporting obligations, and governance expectations. Compliance with tax legislation and other applicable laws and regulations is also required.

The Bank offers a range of regulated financial services beyond traditional banking, including leasing, insurance, brokerage, and investment services. Each activity is subject to sector-specific regulatory frameworks, increasing the overall compliance and supervisory complexity.

The Bank is also subject to financial covenants under its funding and debt agreements, the breach of which could result in contractual consequences. Further details are provided in the Bank's Audited Financial Statements.

The Bank has implemented a comprehensive Compliance, Risk Management, and Governance framework designed to ensure adherence to applicable regulatory requirements across all jurisdictions and mitigate the risk of regulatory breaches, sanctions, or enforcement actions.

This framework is underpinned by a robust three lines of defence model, clearly defining responsibilities for risk ownership, oversight, and independent assurance. Compliance and regulatory risk management practices are embedded across the Bank and aligned with the Bank's Risk Appetite Framework.

Regulatory requirements are addressed through policies, procedures, and control frameworks tailored to the Bank's operating environment. Regulatory developments issued by the National Bank of Georgia and other relevant authorities are actively monitored to ensure timely implementation, effective internal communication, and appropriate escalation where required.

Governance and Oversight

The Supervisory Board and its Committees provide strategic oversight of regulatory compliance and internal control effectiveness across the Bank. The Audit Committee regularly reviews compliance risks, regulatory developments, supervisory feedback, and the adequacy of mitigation measures.

The Chief Compliance Officer (CCO) reports quarterly to the Audit Committee and maintains a managerial reporting line to the Chief Risk Officer (CRO), ensuring independence, transparency and effective escalation. Governance arrangements are applied consistently across the Bank's operations in Georgia, with local management and control functions integrated into the Bank's overall oversight and reporting framework.

The effectiveness of the compliance and governance framework is assessed through internal audits, independent reviews, and ongoing Board-level oversight. Key risk indicators are monitored against the Risk Appetite Framework, and any breaches are promptly escalated and addressed.

Compliance Framework and Activities

The Bank's compliance programme is designed to address regulatory, conduct, and financial crime risks across its operating jurisdictions. The programme includes the development and maintenance of internal policies and procedures, regular staff training, risk-based compliance monitoring, and ongoing engagement with supervisory authorities.

As the second line of defence, the Compliance function manages regulatory and compliance risks through:

- Continuous monitoring of regulatory developments in the jurisdictions where the Bank operates and coordination of timely implementation by relevant process owners;
- Participation in new product, service, and business approval processes to ensure alignment with applicable regulatory requirements;

- Analysis of customer complaints, operational risk events, internal audit findings, and litigation matters to identify and remediate control weaknesses;
- Annual compliance risk assessments and targeted thematic reviews, including jurisdiction-specific assessments where required;
- Ongoing engagement with regulators and industry bodies to remain informed of emerging risks and supervisory expectations;
- Risk-based compliance monitoring and thematic reviews in higher-risk areas;
- Maintenance of a whistleblowing framework to promote transparency, accountability, and ethical conduct.

The outcomes of compliance activities are monitored using key risk indicators aligned with the Bank's Risk Appetite Framework. Material issues or breaches are escalated promptly to senior management and the relevant Supervisory Board committees for review and remediation.

The first line of defence is responsible for the day-to-day identification, management, and mitigation of compliance risks within their respective business areas, including the effective implementation of controls and adherence to applicable regulatory requirements.

Data Protection and Privacy

The Bank is committed to safeguarding personal data and maintaining confidentiality in accordance with applicable data protection and banking secrecy laws. A Data Protection Officer (DPO) has been appointed to oversee data protection governance, supported by internal policies, controls, and monitoring processes. Data protection frameworks are applied consistently across the Bank, in accordance with applicable legal and regulatory requirements in Georgia.

Insider Trading and Market Conduct Risk Management

The Bank is committed to maintaining high standards of integrity, transparency, and market conduct across its operations. In accordance with applicable laws and regulatory requirements, the Bank has established a comprehensive framework to prevent insider trading and manage market conduct risks.

A formal Share Dealing Policy, reviewed annually and approved by the Supervisory Board, governs trading in the TBC Bank Group PLC's securities by employees, senior management, and other insiders. The policy defines closed periods, disclosure obligations, and pre-clearance requirements and is aligned with applicable legal and regulatory standards.

The Compliance Department plays a central role in enforcing the Share Dealing Policy. It is responsible for administering clearance procedures for all relevant transactions, ensuring that no dealing takes place without prior approval. The function maintains and regularly updates the Insider List in accordance with applicable regulatory requirements, ensuring accurate records of individuals, including persons discharging managerial responsibilities (PDMRs), designated employees, and other project-based insiders with access to material non-public information. Compliance also monitors adherence to regulatory requirements and internal standards, supported by regular training and awareness programmes for staff.

The Bank is exposed to legal risk

Legal risk refers to the potential for loss, whether financial or reputational, resulting from penalties, damages, fines, or other forms of financial detriment, which impacts or could impact the Bank and/or its employees, business lines, operations, products and/or its services, and results from the failure of the Bank to meet its legal obligations, including regulatory, contractual or non-contractual requirements.

The legal function as a second line of defence is an independent function hierarchically integrated with the Bank. The Bank's businesses and lines have responsibility for identifying and escalating legal risk in their area to the legal function.

The legal function is entrusted with the responsibility of (a) managing (including prevention) legal risks; and (b) interpreting the laws and regulations applicable to the Bank's activities and providing

legal advice and guidance to the Bank. The management of the legal risks includes defining the relevant legal risk policies, developing Bank's risk appetite for legal risk, and oversight of the implementation of controls to manage and escalate legal risk. The advisory responsibility of the legal function is to provide legal advice to Executive Officers and the Board of Directors in a manner that meets the highest standards.

The senior management of the legal function oversees, challenges and monitors the legal risk profile and effectiveness of the legal risk control environment across the Bank. The legal risk profile and control environment are reviewed by management through business risk committees and control committees. The Bank Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of legal risk management across the Bank.

The Bank's operational complexity generates operational risk that could in turn adversely impact profitability and reputation.

One of the main risks that the Bank faces is operational risk, which is the risk of loss resulting from internal and external fraud events, inadequate processes or products, business disruptions, systems failures, human error or damages to assets. Operational risk also implies losses driven by legal, compliance, or cybersecurity risks. The Bank is exposed to many types of operational risk, including: fraudulent and other internal and external criminal activities; breakdowns in processes, controls, or procedures; and system failures or cyber-attacks from an external party with the intention of making the Bank's services or supporting infrastructure unavailable to its intended users, which in turn may jeopardise sensitive information and the financial transactions of the Bank, its clients, counterparties, or customers. Moreover, the Bank is subject to risks that cause disruption to systems performing critical functions or business disruption arising from events wholly or partially beyond its control, such as natural disasters, transport or utility failures, etc., which may result in losses or reductions in service to customers and/or economic losses to the Bank. The operational risks discussed above are also applicable where the Bank relies on outsourcing services from third parties. Considering the dynamic environment and the sophistication of both banking services and possible fraudsters, the importance of constantly improving processes, controls, procedures, and systems is heightened to ensure risk prevention and reduce the risk of loss to the Bank. The increased complexity and diversification of operations, coupled with the digitalisation of the banking sector, mean that fraud risks are evolving. External fraud events may arise from the actions of third parties against the Bank, most frequently involving events related to banking cards, loans, and client phishing. Internal fraud events arise from actions committed by the Bank's employees, although such events happen less frequently. During the reporting period, the Bank faced several instances of fraud, none of which had a material impact on the Bank's profit and loss statement.

The rapid growth in digital crime has exacerbated the threat of fraud, with fraudsters adopting new techniques and approaches to obtain funds illegally. Therefore, unless properly monitored and managed, the potential impact could become substantial.

To oversee and mitigate operational risk, the Bank maintains an Operational Risk Management Framework, which is an overarching document that outlines the general principles for effective operational risk management and defines the roles and responsibilities of the various parties involved in the process. Policies and procedures enabling the effective management of operational risks complement the framework. The Management Board ensures a strong internal control culture within the Bank, where control activities are an integral part of operations. The Board sets the operational risk appetite, while compliance with the established risk appetite limits is monitored regularly by the Supervisory Board's Risk Committee.

The Bank utilises the three lines of defence principle, where the Operational and Investment Risk Management Department serves as a second line of defence, responsible for implementing the framework and appropriate policies and methodologies to enable the Bank to manage operational risks.

The Bank actively monitors, detects, and prevents risks arising from operational risk events and has permanent monitoring processes in place to detect unusual activities or process weaknesses in a timely manner. The Risk and Control Self-Assessment exercise (RCSA) focuses on identifying residual risks in key processes, subject to the respective corrective actions. Through our continuous efforts to monitor and mitigate operational risks, coupled with the high level of sophistication of our internal processes, the Bank ensures the timely identification and control of operational risk-related activities. Various policies, processes, and procedures are in place to control and mitigate operational risks, including, but not limited to:

- The Bank's Risk Assessment Policy, which enables thorough risk evaluation prior to the adoption of new products, services, or procedures;
- The Bank's Outsourcing Risk Management Policy, which enables the Bank to control outsourcing (vendor) risk arising from adverse events and risk concentrations due to failures in vendor selection, insufficient controls and oversight over a vendor and/or services provided by a vendor, and other impacts on the vendor;
- The Risk and Control Self-Assessment (RCSA) Policy, which enables the Bank to continuously evaluate existing and potential risks, establish risk mitigation strategies and systematically monitor the progress of risk mitigation plans. The completion of these plans is also part of the respective managers' key performance indicators;
- The Bank's Operational Risk Event Identification Policy, which enables the Bank to promptly report on operational risk events, perform systematic root-cause analysis of such events, and take corrective measures to prevent the recurrence of significant losses. A unified operational loss database enhances further quantitative and qualitative analysis. The Operational Risk Event Identification Policy also oversees the occurrence of IT incidents and the respective activities targeted at solving the identified problems;
- The Bank's Operational Risk Awareness Programme, which provides regular trainings to the Bank's employees and strengthens the Bank's internal risk culture;
- The Bank also utilises risk transfer strategies, including obtaining various insurance policies to transfer the risks of critical operational losses.

The Operational Risk Management Framework and its complementary policies were updated in 2025 to ensure effective execution of the operational risk management programme.

The Bank's digitally oriented operational footprint faces a growing and evolving threat of cyber-attacks.

The Bank's rising dependency on digital systems increases its exposure to potential cyber-attacks. Given their increasing sophistication, potential cyber-attacks may lead to significant security breaches. Such risks change rapidly and require continued focus and investment. Due to the dynamics and complexity of the current environment, the Bank is continuously monitoring the security threat landscape.

Over the past three years, the Bank has not experienced any material cybersecurity breaches, and no significant third-party cybersecurity incidents were recorded in 2025.

The Bank has in place a comprehensive information and cyber security management systems to mitigate the risk of cyber-attacks, as described below.

Threat landscape

In order to adequately address the challenges posed by cyberattacks, we are continuously analysing the Bank's cyber threat landscape and assessing all relevant threat scenarios and actors, considering their intentions and capabilities, as well as the tactics, techniques, and procedures they are using or may use during their campaigns. Our focus is to be prepared against Advanced Persistent Threats. Among the many different threat vectors we are covering and monitoring, the top six are below:

- Attacks against internet facing applications and infrastructure;
- Software supply chain attacks;
- Phishing and other social engineering attacks against our customers;
- Phishing and other social engineering attacks against our employees;
- Insider threats;
- Ransomware and extortion-based cyber threats.

Our vision and strategic objectives

Information and cyber security are an integral part of the Bank's governance practices and strategic development. The Bank's cyber security vision and strategy is fully aligned with its business vision and strategy and addresses all the challenges identified during the threat landscape analysis.

Our vision is to strengthen our security in depth approach, enable secure and innovative businesses, and maintain a continuous improvement cycle. Our strategic objectives are:

- To enhance our defence in depth approach by strengthening the team and implementing cutting-edge technologies, in order to maintain resilience against Advanced Persistent Threats, which may come from state-sponsored actors or organised cybercriminals;
- To maintain compliance with industry leading information and cyber security standards, sustain a continuous improvement cycle for our information and business continuity management systems, and be one step ahead of regulatory requirements;
- To optimise and automate security processes and provide security services seamlessly to the Bank's business (where possible);
- To foster a security-first culture by embedding cybersecurity awareness across the organisation, ensuring employees and stakeholders are actively engaged in reducing risk.

Our security in depth approach and cyber-resilience programme

In order to follow our vision and achieve our strategic objectives, we run effective information and cyber security programmes, functions, and systems, as follows:

- Layered preventive controls are in place, covering all relevant logical and physical segments and layers of the organisation and infrastructure in order to minimise the likelihood of successful initial access:
 - Data security controls
 - Identity and access controls
 - Endpoint security controls
 - Infrastructure security controls
 - Cloud security controls
 - Application security controls
 - Internal and perimeter network security controls
 - Physical security controls
- A professional team is in charge of effectively implementing, assuring the effectiveness of, maintaining, and fine-tuning the preventive controls mentioned above. The number and level of expertise of the team members is significant. Our team members hold industry leading certificates and work on a daily basis to strengthen and extend their professional skill sets.
- Layers of preventive controls in conjunction with a comprehensive awareness programme provide the best combination in order to minimise the likelihood of successful attacks. Our robust awareness programme helps employees and customers to improve their cyber hygiene, understand the risks associated with their actions, identify any cyberattacks they might face during day-to-day operations, and improve the overall risk culture. Our awareness program provides relevant materials to all key roles, from the Management Board to IT engineers and developers. It covers annual trainings and attestations for all employees, newcomer trainings and attestations, social engineering simulations, security tips and notifications for all employees, security awareness raising campaigns for customers, and more. In addition, the Supervisory Board participated in an awareness session conducted by an external consultancy firm, focused on its responsibilities in relation to cyber security governance, aligned with the Cyber Governance Code of Practice.
- Since we believe that 100% prevention is not achievable, the Bank has threat hunting capabilities and a security operations centre in place to monitor in near real-time all possible anomalies identified across the organisation's network in order to detect potential incidents and respond in a timely and effective manner to minimise their negative impact of possible attacks. To be up-to-date and track the techniques and tactics of our adversaries, we are elaborating cyber threat intelligence procedures in line with industry best practices under the MITRE ATTACK framework.

- Information security governance and effective risk management processes, which also cover third-party and supply chain risks as well, ensure that the Bank has the correct guidance, makes risk-informed decisions in compliance with its risk appetite, complies with regulatory requirements and achieves a continuous improvement cycle. The Information Security Committee, which is chaired by the CEO, has the ultimate responsibility to assure that an appropriate level of security is maintained, and a continuous improvement cycle of management processes is achieved. The Bank is in compliance with the NIST Cyber Security Management Framework, and its Information Security Management System is ISO/IEC 27001:2022 certified.
- In addition, the Bank further strengthens its cyber resilience through an effective Business Continuity Management System and Cyber Insurance Policy, in order to manage contingencies and recover from serious disruptions with minimum possible impact.

How we measure and assure an acceptable level of security

To assess and assure an acceptable level of information and cyber security, we rely on external/internal audit reports, red teaming exercise reports, and the results of continuous penetration tests, which are conducted by our highly professional internal team and reputable external third-party partners.

On an annual basis we conduct:

- An external audit of the SWIFT Customer Protection Framework;
- An external audit of the NBG's Cyber Security Framework, which is based on the NIST Cyber Security Management Framework;
- An independent internal IT audit team is assessing effectiveness of critical components of information security management system;
- External surveillance audits of ISO 27001;
- Penetration tests against internet facing applications and critical infrastructure with the help of our highly reputable partners;
- Our internal team is in charge of continuous penetration tests of internal and external applications and infrastructure;
- We conduct regular red and purple teaming exercises and assess our security capabilities against real world advanced threat actors.

These external audits did not identify any material findings. If such findings do arise, they are addressed as part of the continuous improvement process.

The Bank identifies risk in its growing dependence on data

Within the domain of data management and governance, the Bank recognizes that maintaining high data quality remains an important area of continuous focus. Reliable and consistent data underpins effective decision-making, regulatory compliance, and operational efficiency. As data volumes and sources continue to grow, ensuring strong quality controls and clear standards across all data domains remains essential for sustaining the integrity and usability of the Bank's information assets.

To manage this risk, the Bank continues to enhance its Data Governance Framework and strengthen quality assurance practices. Ongoing investments in advanced data management tools, automated validation processes, and analytics help detect and address potential discrepancies early. In parallel, the Bank fosters a data-driven culture that promotes clear ownership and accountability, ensuring that data is maintained as a trusted and valuable organizational asset.

The Bank is exposed to Model Risk

The Bank increasingly relies on statistical, machine-learning, and artificial-intelligence models, supported by diverse data sources and big-data technologies, to enhance key decision-making processes. As the use of models continues to expand, particularly with the rapid adoption of GenAI, the need for a robust Model Risk Management Framework becomes even more critical. Such a framework is essential to prevent adverse outcomes stemming from deficiencies in model development, implementation, or use.

Model risk is defined as a risk of potential financial losses, poor business decisions, and reputational damage that may arise from such model-related deficiencies.

The Bank manages model risk through its Model Risk Management (MRM) function, which operates as the second line of defence and is responsible for identifying, measuring, and monitoring model risk across the Bank. MRM is built on two core pillars: governance and validation.

- The governance pillar establishes and maintains the Model Risk Management Framework, including policies, standards, and risk appetite limits. It defines key stakeholder roles throughout the model lifecycle, maintains the model inventory, and oversees adherence to risk appetite.
- The validation pillar provides independent assessments of models through conceptual and technical reviews, evaluating model design, methodology, and performance against approved standards, ensuring consistent oversight across both traditional and advanced AI models.

MRM applies a model-tiering approach to support risk-based validation. Tiering drives the frequency and depth of initial and ongoing validations and informs mitigation actions, which may include enhanced testing, increased monitoring, model recalibration or redevelopment. These measures ensure that model risk remains within the Bank's risk appetite, with higher-tier models subject to greater scrutiny.

The Bank Remains Exposed to Some Reputational Risk

There are reputational risks to which the Bank may be exposed, such as country and compliance risks, related to the challenging geopolitical environment in the region, international sanctions regimes, as well as domestic turbulences due to disputed elections and government foreign policy choices. Banks are easy targets for anti-banking narratives in mainstream and social media platforms. There are also risks related to phishing and other cybercrimes, that come with the increased digitalisation of products and services provided by the Bank. Since the bank provides the best digital services and product to customers, cyber risks could negatively impact the Bank's reputation. It should be noted that most of these risks are not unique to the Bank, but apply to the entire banking sector.

To prevent or mitigate reputational risks, the Bank works continuously to maintain strong brand recognition among its stakeholders and engages with them on a constant basis, particularly with customers, employees, media, regulators, business associations, IFIs, and the diplomatic community, among others.

The Bank has put a Task Force in place at the senior management level comprised of the CEO, the CRO, the marketing and brand lead, the strategic communications lead and the general counselor to address and manage reputational risks. Additionally, and in close cooperation with international consultants, the Task Force has developed an overall strategy including communications plans, contingencies, and tools to mitigate, prevent, and respond to any risks.

The Bank complies with all relevant external and internal policies and protocol mechanisms to prevent or minimise the impact of direct and indirect reputational risks. Dedicated internal and external marketing teams monitor the brand value through public opinion polls and studies and by receiving feedback from stakeholders on an ongoing basis. Communications teams actively monitor mainstream media and social media on a daily basis, identifying early warning signs of potential reputational or brand damage to mitigate and, whenever necessary, elevate potential risks to the attention of the Task Force or the Supervisory Board before they escalate.

Communications and cyber security teams conduct extensive awareness-raising campaigns on cyber-security and financial literacy. The teams also brief the media so that it is aware of potential risks impacting the sector. TBC also has an inhouse financial education platform, Edufin, which is aimed at raising awareness about financial literacy, cyber threats and phishing.

The Bank Faces the risk that its Strategic Initiatives do not translate into long-term sustainable value for its stakeholders.

The Bank may face the risk of falling short in developing and executing a business strategy that ensures sustained value creation while adapting to evolving customer needs, increasing competition and changing regulatory requirements. Additionally, uncertainties from economic and social disruptions in the region may hinder the Bank's timely execution of its strategy, potentially compromising its capacity for long-term value creation.

To mitigate the combined risks from a local and international perspective, the Bank employs a multifaceted approach. The formation of our strategic portfolio is primarily driven by the Bank's strategy to broaden and diversify our business revenue streams. Thorough curation is conducted in the execution of strategy involving the Supervisory Board, the executive management, and middle management. These sessions serve as crucial checkpoints to ensure alignment with the Bank's strategic long-term objectives and guiding principles. Moreover, monitoring the performance of strategic projects extends to quarterly analyses and tracking of metrics used to measure strategy execution. In case of significant deviations, corrective or mitigation actions are promptly implemented.

The Bank is Exposed to Risks Related to its Ability to Attract and Retain Highly Qualified Employees

As the Bank becomes increasingly digitally focused, it requires more IT professionals in its various departments. This shift accentuates the risk of potentially losing key personnel. In the highly competitive tech job market, this challenge extends not only to retaining these valuable employees but also to attracting, developing, and keeping new skilled workers. Ensuring these employees align with the Bank's objectives is vital. The situation calls for strategic planning in human resources to effectively manage this risk while supporting the Bank's digital evolution.

The aim of the Bank is to adapt to the rapidly changing business environment, increase leadership capabilities, achieve a high level of engagement among employees, and equip them with the necessary skills. Our proactive approach encompasses rigorous monitoring of labour market dynamics in Georgia and beyond. To realize this ambition, we are dedicated to cultivating a world-class talent acquisition and development ecosystem. We create a robust international talent pipeline by regularly engaging with potential candidates, including passive job seekers with diverse profiles. We work on building an attractive international hiring brand. The Bank treats all employees equally and fairly, supporting and coaching them to succeed.

We equip our people with the tools and frameworks for continuous learning, supported by a constant feedback loop. We give our staff an opportunity to grow and expand internationally. We have developed a Succession Planning Framework for senior positions in order to ensure a smooth transition and to offer promotion opportunities to employees. In addition, we have launched a Talent Management Framework, ensuring the constant identification of talented staff and monitoring their development within the Bank. We monitor human capital risks and measure efficiency using the following metrics: Employee turnover and retention, Quality of hire, Mobility rate, Employee Net Promoter Score (ENPS), Employee pulse surveys, Key employee metrics, Performance management and Individual Development Plans (IDPs), and Customer Net Promoter Score (NPS). In terms of compensation, we conduct multiple salary market studies to ensure we provide competitive conditions for our employees.

JSC TBC Bank reviews and updates its organisational policies to ensure they are inclusive and equitable. This includes flexible work arrangements, accommodations for diverse needs, and inclusive benefits packages.

Our internal IT Academy has been a hub for tech education, offering courses in Front-end, Back-end Development, DevOps, and more. These courses are accessible at no cost to both our employees and potential candidates. Under the guidance of experienced staff and industry professionals, the Academy has successfully trained over 2,400 individuals from outside the organisation and 2,700 within it.

TBC IT Academy carried out one of its largest admission cycles to date, launching five programmes in Front-end Development, Back-end Development (.NET), Android Development, iOS Development, and DevOps. The call attracted over 5,000 applicants, reflecting the growing demand for high-quality tech education. Following a multi-stage selection process - including technical and logical assessments, motivational interviews, and practical tasks - around 150 top-performing candidates were admitted. Each programme welcomed 30 students, who officially began their studies in September.

The Bank is exposed to conduct risk

Conduct risk is defined as the risk of failing to deliver fair outcomes for customers and other stakeholders. The Bank recognises that effective management of conduct risk is essential to maintaining customer trust, protecting its reputation, and delivering long-term value.

The Bank's Code of Ethics serves as a guiding framework for all employees, setting high standards of integrity, professionalism, and accountability. Every employee is expected to act with honesty and prudence, ensuring that customer interests are protected and confidence in the Bank's operations is maintained. The Supervisory Board and senior management reinforce these principles by establishing a strong "tone from the top", embedding ethical conduct into the culture and decision-making processes. The Bank also acknowledges its responsibility to a diverse group of domestic and international investors and strives to uphold mechanisms that safeguard customer interests and maintain market confidence.

In managing conduct risk, the Bank takes a coordinated approach, assigning clear responsibilities to various divisions and departments to identify, mitigate, and eliminate conduct-related risks across all client and stakeholder interactions.

The Conduct Risk Management Framework, jointly maintained by Compliance, Human Capital, and Operational Risk functions, supports business lines through the following key processes:

Policy and Procedure Development:

Establishing and regularly updating policies and procedures to ensure that all employees comply with relevant regulatory requirements, industry best practices, and the Bank's Code of Conduct and Code of Ethics.

Department Oversight and Complaint Management:

Maintaining a close working relationship with the Compliance Division to administer conduct-related policies and investigating complaints regarding the conduct of the staff.

Client Communication Standards:

Ensuring that front-line staff provide clear, accurate, and complete product information—both orally and in writing—regardless of a client's financial knowledge or experience, thereby promoting fair treatment and transparency.

Recordkeeping and Monitoring:

Maintaining comprehensive records of client interactions and communications, particularly those involving sensitive topics or complex product offerings, to support transparency and accountability.

Employee Training:

Delivering regular, targeted training to all employees on conduct expectations and evolving compliance standards, with a strong focus on onboarding new hires and maintaining awareness of ethical standards across the Bank.

Culture and Incentives:

Promoting a culture of openness and accountability where employees feel empowered to raise concerns without fear of retaliation. The Bank actively prevents conflicts of interest and supports this with values-based incentive and disciplinary policies, moral incentive programmes, and risk-adjusted bonus schemes.

Emerging Risks

Emerging risks have significant unknown components and may affect the performance of the Bank over a longer-term horizon. We believe the following risks have the potential to increase in significance over time and could have a similar impact on the Bank as the principal risks.

The Bank Recognizes Its Exposure to The Risks Arising from Climate Change

The risks associated with climate change have both a physical impact, arising from more frequent and severe weather changes, and a transitional impact that may entail extensive policy, legal and technological changes to reduce the ecological footprint of households and businesses. For the Bank, both risks could materialize through impaired asset values and the deteriorating creditworthiness of our customers, which could result in a reduction of the Bank's profitability. The Bank may also become exposed to reputational risks because of its lending to, or other business operations with, customers deemed to be contributing to climate change.

The Bank has in place an Environmental and Climate Change Policy. The policy governs its Environmental Management System ("EMS") and ensures that the Bank's operations adhere to the applicable environmental, health, safety, and labor regulations and practices. We take all reasonable steps to support our customers in fulfilling their environmental and social responsibilities. The management of environmental and social risks is embedded in the Bank's lending process through the application of the EMS. The Bank has developed risk management procedures to identify, assess, manage, and monitor environmental and social risks. These procedures are fully integrated in the Bank's credit risk management process. To identify, assess and manage risks associated with climate change, the Bank introduced an overall climate risk assessment and conducted a general analysis to understand the maturity level of the climate-related framework. This general analysis covered assessment of existing policies and procedures, identification of areas for further development, and gap analysis. Following this analysis, the main focus areas were identified and reflected in the climate action strategy, in line with the Bank's business strategy. Furthermore, our Environmental and Climate Change Policy is fully compliant with local environmental legislation and follows international best practices (the full policy is available at www.tbcbankgroup.com).

In order to increase our understanding of climate-related risks to the Bank's loan portfolio, the Bank performed a high-level sectoral risk assessment, since different sectors might be vulnerable to different climate-related risks over different time horizons. In 2024, we further developed our TCFD framework and measured the Bank's indirect performance against the Paris Agreement targets for the reduction of GHG emissions.

In 2025, the results were reflected in the Bank's long-term transition plan. Furthermore, we conducted a gap analysis against the IFRS S1 and IFRS S2 standards. The results of this analysis will serve as a foundation for the implementation plan in 2026. Furthermore, since 2024, we implemented the climate stress-testing approach developed by the National Bank of Georgia. Please see pages 64-92 for more details of our climate-related financial disclosures.

The Bank aims to increase its understanding of climate-related risks and their longer-term impacts over the coming years, which will enable it to further develop its approach to mitigation. Furthermore, the Bank's portfolio has strong collateral coverage, with around 74% of the loan book collateralised with cash, real estate, or gold. Since the collateral evaluation procedure includes monitoring, any need to change collateral values arises from our regular collateral monitoring process.

In June 2025, the Bank released its full-scale sustainability report for the year 2024 in accordance with the Global Reporting Initiative (GRI) standards. The Global Reporting Initiative (GRI) helps the private sector to understand and realise its role and influence on sustainable development issues such as climate change, human rights and governance. The report is designed for all interested parties and groups in Georgia and abroad and aims to give them clear, fact-based information about the social, economic, and environmental impact of our activities in 2024. It presents our endeavours to create value for our employees, clients, suppliers, partners, and society as a whole. The Sustainability Report 2024 is available at www.tbcbank.ge.

At the executive level, responsibility for ESG and climate-related matters is assigned to the ESG Steering Committee, which was established by the Management Board in March 2021 and is responsible for implementing the ESG and climate action strategy and approving detailed annual and other action plans for key projects. The ESG Committee meets on a quarterly basis.

In January 2022, the Bank established an Environmental, Social and Governance (ESG) and Ethics Committee at the Board level, as well as at the Supervisory Board level in line with the Company's "mirror boards" structure. This reflects the importance of sustainability in TBC's corporate governance and allows Board members to dedicate more time and focus to ESG topics. The Committee provides strategic guidance on climate-related matters and reports to the Board, which has overall oversight. For more details about the management of ESG matters, please see our ESG strategy section on pages 59-64.

The Bank Recognizes Its Exposure to The Risks Arising from Artificial Intelligence

Advances in Artificial Intelligence (AI) continue to shape financial services. AI models, like traditional Machine Learning (ML) models, have long been used across the Bank's operations, particularly in areas such as credit risk assessment, fraud detection, and customer analytics. More recently, the integration of advanced AI capabilities, like Generative AI (Gen AI), has further expanded their role, supporting improvements in customer experience, efficiency optimization, etc.

At the same time, the use of Gen AI gives rise to specific considerations for model risk, cybersecurity, operational resilience and ethical use of AI tools. Supervisory expectations related to Gen AI model governance, data protection, and ethical usage are developing globally and are increasingly reflected in the regulatory approaches. These developments are becoming progressively relevant for the Bank's operations, and evolving regulations may introduce additional requirements or constraints over time.

Model risk arising from Gen AI models, whether internally developed or developed by third parties, is subject to dedicated oversight by the Model Risk Management (MRM) unit. The MRM unit governs this risk through a structured, risk-based model governance framework, encompassing both initial validation prior to model deployment and periodic ongoing validation throughout the model lifecycle. Validation activities are calibrated to the complexity, materiality, and intended use of each model, ensuring that higher-risk Gen AI applications receive appropriately enhanced scrutiny. This governance structure ensures that the Bank's use of Gen AI remains sound, responsible, and aligned with evolving regulatory expectations.

The adoption of Gen AI technologies also increase the potential cyber-attack surface. Key risks associated with Gen AI technologies may include, among others, prompt injection attacks, unintended data leakage or exfiltration, misuse of third-party AI models, and the potential use of AI by malicious actors to automate or scale cyber-attacks. The Bank addresses these risks through its comprehensive Information and Cyber Security Management System and a dedicated Secure and Ethical Use of AI Policy, which governs the development, procurement, and use of Gen AI technologies. This framework establishes controls to manage security, privacy, and misuse risks associated with Gen AI. The Bank applies a layered defense-in-depth approach across data, identity, endpoints, applications, cloud, network, and physical security. These controls are implemented and continuously enhanced by specialized cybersecurity teams and supported by organization-wide security awareness programs.

In addition, TBC manages Gen AI operational risks through centralized governance and controlled deployment of AI systems. Key AI solutions are developed and operated on the Bank's enterprise data and AI platform built on Databricks, which provides standardized development environments, access controls, and monitoring capabilities. Gen AI use cases follow defined approval and review processes before production deployment, including technical validation, business oversight, and operational risk assessment. Human oversight is maintained for critical decisions to ensure appropriate interpretation of Gen AI outputs. Operational resilience is supported through monitoring, logging, and auditability of Gen AI system activity, while third-party Gen AI technologies are subject to vendor risk management procedures.

Credit Risk Mitigation

For the purposes of credit risk mitigation, the Bank actively uses various types of collateral. Real estate, movable property, intangible assets, financial assets, suretyship and third-party guarantee can be used by the Bank as collateral. The Bank has appropriate processes in place to ensure that the market value of collateral is defined properly and collaterals serve as an effective tool for credit risk mitigation.

Key Policy and Procedures for Collateral Management & Appraisal

Collateral represents the most significant credit risk mitigation tool for the Bank, making effective collateral management one of the key risk management components. Collateral on loans extended by the Bank may include, but is not limited to, real estate, cash deposits, vehicles, equipment, inventory, precious metals, securities and third-party guarantees. The collateral accepted against a loan depends on the type of credit product and the borrower's credit risk. The Bank has a largely collateralised portfolio in all segments, with real estate representing a major share of collateral. A centralised unit for collateral management governs the Bank's view and strategy in relation to collateral management and ensures that collateral serves as an adequate mitigating factor for credit risk management. The collateral management framework consists of a policy-making process, a sound independent valuation process, a haircut system throughout the underwriting process, collateral monitoring (including revaluations and statistical analysis) and collateral portfolio analysis.

Collateral Management & Appraisal Department (CMAD) complies the draft documents: collateral management policy (approved by the Supervisory Board TBC PLC), collateral management procedures manual (approved by Board of Directors of TBC Bank) and other regulations/internal rules (approved by Risk Director of the Bank); purchases an appraisal service that must be in line with International Valuation Standards (IVS), acting NBG regulations and internal rules; authorizes appraisal reports and manages the collateral monitoring process (collaterals with high market value are revaluated annually, while statistical monitoring is used for collaterals with low market value). The CMAD uses a mixed quality check scheme for valuation: appraisal reports are reviewed internally by its staff and separately by an external company. Almost all activities under collateral management are automated through an in-house web application.

Main Types of Collateral

According to the Bank's Collateral Management Policy, collaterals are divided into 4 groups:

- Real estate;
- Movable property;
- Intangible asset;
- Suretyship, guarantee.

Required collaterals are defined based on the credit product type and borrower's risk profile. The Bank's credit portfolio is well secured, with the main type of collateral being real estate.

For the purpose of capital adequacy calculation, the Bank uses funded and unfunded credit protection for credit risk mitigation. The following types of collateral are used as an eligible collateral for credit risk mitigation:

- Funded Credit Protection - Cash on deposit with, or cash assimilated instruments;
- Unfunded Credit Protection - Third party guarantees from Central Government or Central Banks, Multilateral Development Banks and Commercial Banks.

In order collateral to be used for the purpose of capital adequacy estimations, the requirements of the National Bank shall be satisfied in accordance with the provisions of the Capital Adequacy Requirements of the Commercial Banks.

The following table presents the Credit Risk Mitigation as of December 2025 per exposure class and collateral type used:

Credit Risk Mitigation		in thousands of GEL						
		Funded Credit Protection	Unfunded Credit Protection			Total Credit Risk Mitigation - On-balance sheet	Total Credit Risk Mitigation - Off-balance sheet	Total Credit Risk Mitigation
		Cash on deposit with, or cash assimilated instruments	Central governments or central banks	Multilateral development banks	Commercial banks			
1	Claims or contingent claims on central governments or central banks	-	-	-	-	-	-	-
2	Claims or contingent claims on regional governments or local authorities	-	-	-	-	-	-	-
3	Claims or contingent claims on public sector entities	-	-	-	-	-	-	-
4	Claims or contingent claims on multilateral development banks	-	-	-	-	-	-	-
5	Claims or contingent claims on international organizations/institutions	-	-	-	-	-	-	-
6	Claims or contingent claims on commercial banks	116	-	-	64	116	64	181
7	Claims or contingent claims on corporates	166,344	33,185	22,333	2,021	135,279	88,604	223,883
8	Retail claims or contingent retail claims	53,693	11,617	11,221	-	67,624	8,907	76,531
9	Claims or contingent claims secured by mortgages on residential property	950	42	321	-	1,134	178	1,313
10	Past due items	159	1,954	1,614	-	3,727	-	3,727
11	Items belonging to regulatory high-risk categories	-	-	-	-	-	-	-
12	Short-term claims on commercial banks and corporates	-	-	-	-	-	-	-
13	Claims in the form of collective investment undertakings	-	-	-	-	-	-	-
14	Other items	253,101	23,473	9,069	-	277,136	8,506	285,643
Total		474,363	70,271	44,558	2,085	485,017	106,260	591,277

Information on Credit Risk Concentrations According to Mitigation Tools

The Bank's credit portfolio is well secured. 72.4% of the portfolio is secured with real estate, 3.4% is secured by cash deposits and gold (2.22% and 1.18% respectively). Other types of collateral are movable property and third-party guarantees.

Main Types of Guarantees and Contracts Received as Collateral

The significant part of guarantees and counter guarantees that are used as collateral for credit risk mitigation, are banking guarantees/counter guarantees. The Bank's assessment process is held by the Financial and Capital Risk Management (FCRM) department in accordance with the business requirements. In particular, the request for financing of various banking products arises from the Treasury, Trade Financing and Business Units.

Interbank Limit Assessment Procedure

The Trade Finance department receives the application about the guarantee/letter of credit/factoring request from a counter guarantee bank and provides the financial risk management department with the respective information. In addition, the Treasury department sends a request about setting the limit on the bank for treasury purposes. The Compliance Department checks the counter-party bank, the applicant, the beneficiary and the financing operation in case of Trade Finance request, and the counter-party bank, in case of Treasury request. After receiving a positive recommendation from Compliance Department, Financial Institutions Relations Division sends request to Financial and Capital Risk Management Division (FCRM). The assessment of counter-party bank is conducted by the FCRM department based on the "Counterparty risk limits assessment methodology".

The limits of counter-party banks are set according to ratings assigned by the international rating agencies (Moody's; Fitch Ratings; S&P) and/or ratings derived from an internally developed model²², based on which maturity of transactions is defined with the respective limits.

If the counter-guarantee banks average international rating is more than or equal to "BBB", the FCRM uses the latter rating for defining the limit and assesses the bank's main financial and non-financial metrics.

If the bank is assessed by one international rating agency, or its average credit rating is less than "BBB", the bank's assessment is done by an internally developed model, based on the following factors:

Bank's Financial Metrics:

- Capital adequacy;
- Credit portfolio quality;
- Liquidity and funding;
- Profitability.

Warning Signals:

- Governance;
- Risk management framework;
- International credit rating;
- Operating environment;
- Regulatory environment and other signals.

After analysing the counter-guarantee bank's financial and non-financial metrics, the FCRM presents its recommendation to the respective decision-making committee. In order to ensure the compliance with the decision-making tiers and flawless implementation of risk approval process, the FCRM uses the "Instruction on Counter-party Risk Approval Committee Decision-Making Process" as a guideline.

²²If the counterparty is a resident bank, the final rating is defined based on the internal model developed. In case of non-resident banks, where the average international rating is less than "BBB", the final rating is derived as a minimum between average international and internal ratings.

The FCRM may consider setting general limit for the counter-party bank, if the Trade Finance department deems it necessary, due to possible frequent future transactions.

The counterparty limits monitoring is carried out on a daily basis by FCRM department. Limit violations are analysed with Treasury and Settlements departments in order to take immediate actions for mitigation

TBC Bank has in place a Counterparty Risk Management Policy, which determines the principles of the process for the counterparty risk management and it regulates the activities of the departments and employees involved.

The FCRM reviews the Interbank Limit Assessment Methodology on an annual basis.

International Ratings

Under the Standardized Approach to risk weights, ratings from the External Credit Assessment Institutions ('ECAIs') are mapped to Credit Quality Steps ('CQS') according to the NBS regulation. The CQS value is then mapped to a risk weight percentage.

With regards to the credit rating, the Bank may use the ratings from the following ECAIs: Fitch, Moody's, and S&P. The credit ratings are used for the following risk classes:

- unconditional and conditional requirements for multilateral development banks;
- unconditional and conditional requirements for commercial banks;
- Unconditional and conditional requirements for central governments and central banks.

The credit rating mapping to credit rating quality is outlined in the table below:

Allowed Credit Rating	Credit rating quality	Fitch	Moody's	S&P
Mapping of credit rating quality with long-term credit rating	1	From AAA to AA-	From Aaa to Aa3	From AAA to AA-
	2	From A+ to A-	From A1 to A3	From A+ to A-
	3	From BBB+ to BBB-	From Baa1 to Baa3	From BBB+ to BBB-
	4	From BB+ to BB-	From Ba1 to Ba3	From BB+ to BB-
	5	From B+ to B-	From B1 to B3	From B+ to B-
	6	CCC+ and worse	Caa1 and worse	CCC+ and worse

Risk Reporting

The effective risk analysis and management process facilitates reliable, and timely reporting which is provided by the Risk Management and Reporting division.

The Risk Function analyses the credit portfolio regularly. It analyses all portfolio indicators such as the volume, growth rate, structure, overdues, vintage analysis, concentration level, maturity, non-performing loans, write-off coefficients, provision charges etc.

Each ratio is analysed for the total portfolio, as well as for each segment/product with respect to historical and planned indicators. Operational and financial risks are also examined monthly, alongside the compliance of the risk profile with the risk appetite limits.

The risk management results and analysis are regularly presented to the Management Board and discussed at the Risk Committee of the Supervisory Board.

These reports cover the following main issues:

- Risk appetite;
- Credit risk results;
- Capital risk results;
- Liquidity risk results;
- Financial risk results;
- Market risk results;
- Operational risk results;
- Cyber security issues;

- Compliance issues; and
- Other financial and non-financial risks.

In addition to the above-mentioned topics, the committee get updates and discuss other relevant topics such as:

- Regulatory changes;
- Update on the risk strategic objectives;

Important methodological or strategic changes, etc.

7. Environmental, Social and Governance (ESG) Strategy

Our role reflects our responsibility to contribute to a better future through innovation and technology, to increase the accessibility of financial and non-financial services, to make a positive impact on the communities, to reduce our ecological footprint and support the transition to a greener, more climate resilient economy.

Our ESG Strategy underscores our dedication to making a lasting, sustainable impact. We are committed to being the foremost advocate of Environmental, Social, and Governance (ESG) principles, not only in the countries of our operations but also across the broader region. By integrating ESG considerations into our operations, we aim to drive a positive change, support sustainable development, and lead by example. A key component of the Group strategy is the transition to a low-carbon economy. We are actively working to reduce our carbon footprint and promote renewable energy sources. Moreover, we focus on lending to customers who invest in green technologies, supporting low-carbon projects, and encouraging sustainable practices across all sectors. Our ESG strategy reflects our responsibility to foster economic growth, social well-being, and environmental stewardship, ensuring that our contributions benefit both present and future generations.

Raising awareness of ESG principles is also central to our strategy. We engage with stakeholders through educational initiatives, transparent reporting, and collaborative efforts to promote a deeper understanding of sustainability issues. On annual basis, we conduct dedicated ESG surveys among our employees, investors, and customers. To ensure our ESG initiatives align with stakeholder expectations and support our strategic sustainability goals, we identified key ESG topics of interest and importance to employees, investors, and customers. Using this feedback, we refine our ESG initiatives to ensure they address stakeholders' expectations and support our strategic sustainability goals.

We prioritise diversity and inclusion within our organisation and in the communities we serve. We believe that diverse perspectives drive innovation and strengthen our ability to address complex challenges. We are committed to creating an inclusive environment where all individuals feel valued and respected. In 2025, TBC was recognised as Disability Inclusion Champion at ADB's 11th Annual Trade and Supply Chain Award. The award reflects the bank's commitment to advancing diversity and disability inclusion through a one-year project²³ implemented in 2024, supported by ADB to work on a comprehensive diversity concept covering three main activity streams: physical and digital accessibility of products and services, inclusive employment, and accessibility of marketing events.

The ESG Strategy is reviewed and approved by the Supervisory Board annually, while implementation is overseen by ESG-related committees at the Supervisory Board and executive management levels.

To strengthen this commitment, TBC's ESG Strategy defines several key areas and targets with different time horizons:

Enhanced governance of ESG and climate-related risks and opportunities	Sustainable portfolio growth	Access to green and sustainable financing sources	Customer awareness, investor confidence, and employee diversity	Impact measurement and reporting
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²³ As part of the Asian Development Bank Trade and Supply Chain Finance Programme's (TSCFP) Disability Inclusion Project for Financial Institutions, ADB is funding the provision of timeboxed consultancy support for banks across Asia and the Pacific. ADB has contracted GDI to provide consultancy services for banks under this programme, and TBC Bank is receiving this consultancy offer free of charge, as funded by ADB. As agreed with TBC Bank, the scope of consultancy support provided by GDI Hub includes technical, training, and advisory services.

Key achievements in 2025:

- The total volume of TBC Bank's sustainable portfolio reached GEL 2.29 billion, increasing by 32% since the end of 2024, when it stood at GEL 1.73 billion;
- We further advanced TBC Bank's internal capacity for assessing green assets and increasing green financing by introducing a new role of energy-efficiency and green technologies specialist, and developing specific standardized methodologies for different sectors and technologies. As a result, volume of green projects assessed with internal resource totaled GEL 645 million;
- We measured the Bank's performance against the Paris Agreement targets for the reduction of GHG emissions;
- We started incorporating the standards of the Science-Based Targets Initiative into our performance measurement methodology;
- The share of renewable energy in TBC Bank's total electricity consumption grew up to 45%, covering 80% of electricity consumption in regions and 27% in Tbilisi;
- Through its pioneering educational platform, the TBC ESG Academy, TBC Bank delivered 41 training sessions, engaging 728 employees and 204 clients with its flagship course Green Mindset and Green Financing;
- The share of women in ICT, Risk and Finance remained steady at 45%;
- The number of participants in our educational programmes in ICT areas reached 677, achieving 37% representation for women and 39% for participants from the regions.

The ESG Strategy follows a strategic road map, which reflects the milestones of our sustainability journey for the coming years. In 2025, we developed the ESG Strategy for the following three years and actively continued to implement our initiatives to fulfil our targets, which are divided into four pillars: direct environmental impact, indirect environmental impact, social impact, and governance.

Pillars 1 and 2: Direct and indirect environmental impact

TBC Bank is dedicated to managing environmental aspects and impacts of its business activities by implementing diverse initiatives, setting clear targets and establishing robust processes. All of these efforts are embedded within the Bank's ESG Strategy, which follows a three-year cycle and is reviewed annually to reflect progress and evolving priorities.

The direct and indirect environmental pillars of the ESG Strategy cover measures to minimise the negative impact on the environment, establishing methodologies to advance climate action and integrate respective approaches into the management processes, ensuring our compliance with regulations, raising awareness among stakeholders, and promoting sustainable finance among our customers.

The detailed initiatives under direct and indirect environmental pillars of the ESG Strategy are given in the table below. The table shows initiatives/targets set in the ESG Strategy, which is updated for the following three-year cycle annually, the status of the initiative in 2025 and planned action in 2026 to further enhance the progress.

2025 ESG Strategy target / initiative	2025 status	2026 Outlook/Target
Sustainable Portfolio ²⁴ Volume - GEL 2 billion	Target volume of GEL 2 billion exceeded with GEL 286 million	GEL 3.2 billion
ESG Academy training courses	The ESG Academy delivered 41 training sessions for 728 employees and 204 clients across Tbilisi and regional locations	Two new courses for TBC staff and customers Courses for suppliers
Development of tailored green products	Internal assessment of opportunities to offer tailored green products, including two consultancy projects supporting development of tailored green products.	Tailored green products for different economic activities and customer segments
Establishment of the green asset assessment process	GEL 645 million assessed	GEL 600 million
Development and implementation of the transition plan	Calculation of the Paris Alignment for direct and indirect emissions at TBC Bank level has been conducted. Targets for reducing financed emissions have been set. Targets for reducing scope 1 and scope 2 emissions have been set.	Detailed Implementation of transitional plan at TBC Bank level. Targets to be submitted to SBTi.
Implementation of new NBG Pillar 3 ESG disclosure requirements ²⁵ into TBC Bank's practices	NBG has updated ESG disclosure template substantially	TBC Bank's disclosure practices and reporting system to be aligned with updated NBG ESG reporting requirements
Calculating additional Scope 3 categories	New methodologies for Scope 3 categories - Category 5: Waste generated and Category 7: Employee Commuting have been developed	Additional scope 3 categories to be integrated
Enhancing internal capacity to assess sectoral climate risks through guidelines and trainings	Two TA projects have been launched, offering consultation support for the creation of sectoral guidelines	Sectoral guidelines to be developed and respective training courses to be conducted

Pillar 3: Social impact

In order to expand our focus on diversity, gender, and inclusion issues, we maintain a Diversity, Equality and Inclusion Policy (available at our website, www.tbcbankgroup.com), which sets targets and establishes a methodology to advance diversity, equality, and inclusion, integrating its approach into the company's operations and management processes and focusing on diverse areas including gender, multicultural, multigenerational, and disability backgrounds. We remain committed to having a gender-balanced workforce and a culture that supports and empowers women. At the Bank level, we defined targets for women participation in different positions. The main target for women in middle manager and agile leaders is set at 41% for 2026. In 2026, to accelerate progress towards this target and further strengthen diversity, we plan to include diversity components in the evaluation process of middle managers and conduct a Human-Centered Leadership training session for middle management. In the coming year, we are committed to advancing the inclusion of employees with disabilities through a series of targeted initiatives such as introducing a target for employees with disabilities and developing inclusion guidance documents.

²⁴ Renewable energy and energy-efficiency loans, women and youth financing, NBG green and social taxonomy, green bonds, green and social guarantees. More details are given on page 91-92.

²⁵ <https://nbg.gov.ge/en/financial-stability/esg-reporting-and-disclosure>

2025 ESG Strategy target / initiative	2025 status	2026 Outlook/Target
Enhancing diversity within TBC Bank through different initiatives	Diversity Action Plan has been prepared and monthly meetings to monitor diversity trends and progress against targets are in place	Including diversity components in evaluation process of middle managers Develop and conduct training on Human-Centered Leadership for Middle Management to foster diversity
Enhancing Inclusion of people with disabilities through different initiatives	Action Plan to enhance the inclusion of people with disabilities has been set	Flagship TBC branch concept tailored to people with disabilities Setting target for hiring people with disabilities Development of an Inclusivity Guidance for digital products, services and marketing events Inclusivity Employment Guidance Standard
Diversity targets	40%	41%

Pillar 4: Governance

The ESG Strategy is reviewed and approved by the Supervisory Board annually, while implementation is overseen by two ESG-related committees at the Supervisory Board and executive management levels. During the year, the Committee steered and supported the implementation of strategy, policies, and programmes in relation to ESG matters for the Bank, ensuring that the Bank's ESG Strategy is implemented effectively, meeting its objectives across all business areas.

In 2026, we aim to ensure that TBC's management practices and systems are fully aligned with the IFRS S1 and S2 standards and to advance automation within reporting. We conducted a gap analysis to assess existing strengths, identified areas where gaps remain, and provided directional insights to further enhance TBC Bank's climate-related disclosures in line with IFRS S2. Several training courses have been delivered under the technical assistance (TA programmes from EIB to strengthen TBC Bank staff's expertise and skills about IFRS S2, green finance and associated risks and green eligibility of the loans. In 2025, two new, long-term TAs from TBC Bank's partner IFI's DEG (Deutsche Entwicklungsgesellschaft) and ADB (Asian Development Bank) have been launched. The upcoming two programmes cover topics related to IFRS S1 and S2, as well.

2025 ESG Strategy target / initiative	2025 status	2026 Outlook/Target
Implementation of IFRS S1 and S2	Gap analysis of processes and practices with IFRS S2 has been conducted and IFRS S2 implementation plan has been prepared	Implementation of IFRS S1 and S2
Membership to PCAF ²⁶	The PCAF membership has been initiated.	PCAF membership
Automation of regular reporting	Sustainable Portfolio has been automated	Introducing AI tools in screening and assessment of loans

In 2026, we will continue to follow our strategic plan, focusing on the following topics:

Sustainable portfolio

In 2026, we will continue to focus on the growth of our sustainable portfolio. The ESG strategy sets an ambitious target of GEL 3.2 billion for the sustainable portfolio which consists of renewable energy loans, energy efficiency loans, and financing with social components such as women and youth financing, supporting start-ups and rural enterprises.

ESG Academy

The awareness raising and knowledge building remains one of the key priorities of the ESG Strategy. The TBC ESG Academy addresses ESG topics, including green and social financing, regulatory requirements, diversity and affirmative approaches, sustainable business models and practices among the Bank's customers as well as TBC employees. The first training programme, "The Green Mind-Set and Green Financing", was launched in March 2024, with support from two partner

²⁶ Partnership for Carbon Accounting Financials; <https://carbonaccountingfinancials.com/>

international financial institutions, the Green for Growth Fund (GGF) and the European Fund for Southeast Europe (EFSE). In 2025, the flagship training programme reached more than 728 TBC employees and 204 clients through 41 training sessions held in-person. Furthermore, we added webinars in online format to increase the accessibility for participants from different regions.

In the coming year, we plan to develop three new ESG Academy courses for employees, customers and suppliers.

Implementation of the IFRS S1 and S2

In June 2023, the International Sustainability Standards Board (ISSB) issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. In 2025, we conducted a gap analysis of TBC Bank's processes and practices with IFRS S2 and prepared the IFRS S2 Implementation Plan. In 2026, we will focus on implementation of these requirements. Since we have published our disclosures in line with the requirements of the Task Force on Climate-Related Financial Disclosures (TCFD), we will build on the existing disclosure and reporting framework.

Women Financing

We plan to develop a targeted skill-building programme, supported by technical assistance from the EIB, to strengthen the business, financial, and leadership capabilities of women entrepreneurs and to support their growth and access to finance. The initiative will be complemented by tailored financial products, special benefits such as partial credit guarantees, and non-financial support including mentoring, advisory services, and practical educational programmes. Together, these measures will help create better opportunities for women-led businesses and foster their long-term resilience.

Development of Tailored Green Products and Sectoral Climate Risk Guidelines

To support green portfolio growth, we plan to develop tailored green products with respective green criteria and risk assessment process for solar PPs, EE mortgages and climate-smart technologies. We also plan to develop eight sectoral guidelines for integrating into risk management framework to mitigate relevant climate risks related to these sectors.

Enhancing inclusion of people with disabilities through different initiatives

In 2026, we plan to dedicate greater effort to enhancing the inclusion of people with disabilities within TBC Bank, building on the foundations established in previous years. In 2024, through the ADB-supported TSCFP Disability Inclusion Project, we developed a comprehensive diversity concept focused on three key areas: physical and digital accessibility of products and services, inclusive employment, and accessibility of marketing events. This work enabled us to create a strong basis for our Diversity Action Plan and to develop key guidance documents, including the Inclusivity Guidance for digital products, services and marketing events, as well as the Inclusive Employment Guidance Standard.

8. Climate-related financial disclosures 2025

In 2021, we published our first disclosure to demonstrate our commitment towards taking active measures to mitigate climate change, to assess and mitigate climate risks and to identify climate opportunities. Since then, we advanced our TCFD framework, especially in strategic planning and risk management. These developments are described in this report. As the sustainability landscape evolves with new information and greater standardisation, TBC will continue to refine and expand its disclosures to provide meaningful information for stakeholders.

In 2025, we enhanced further our climate-related approach. We updated the environmental, climate-related and social risk assessment procedure of lending operations and incorporated climate-related transitional and physical risks on a sectoral level based on the ESG Risk Radar considerations of the National Bank of Georgia (NBG)²⁷. We measured our direct and indirect performance against the Paris Agreement targets for the reduction of GHG emissions and identified pathways for emissions reduction in line with the 1.5°C scenario. The assessment results enabled us to set Paris Agreement-aligned GHG emissions reduction targets for Scope 1 and Scope 2 to reach net-zero in direct emissions by 2030, as well as setting targets within our transition plan to reach net-zero as soon as practicable thereafter.

We have expanded the scope of our Scope 3 emissions reporting and developed methodologies for the calculation of Category 5 (waste generated in operations) and Category 7 (employee commuting). As a result, our Scope 3 emissions cover four categories in total, including the two recently integrated categories, along with financed emissions and emissions from business flights. We understand that the transition to a lower-carbon and sustainable economy requires both internal knowledge building and awareness raising among customers, businesses, and the public. We focus on internal capacity building, involving in-house and external experts. In 2025, several trainings were delivered under the European Investment Bank's TA Programme to strengthen TBC staff's knowledge on IFRS S2 standard requirements and gaps; EIB's Green Eligibility Checker; and green financing and risk management.

As the sustainability landscape evolves with new information and greater standardisation, TBC will continue to refine and expand its disclosures to provide meaningful information to stakeholders. We expect the availability and reliability of the required data to improve over time, and we intend to integrate improved data into our reporting as it becomes available.

It should be noted that the data we have used provide the best available approach to reporting the progress made, notwithstanding the challenges that exist given the incompleteness and novelty of the data sets and the methodologies required for the Georgian environment. In 2025, we made meaningful progress in improving the accuracy of methodology for calculating our financed emissions. With the involvement of the external consultancy supported by the technical assistance programme of Deutsche Entwicklungsgesellschaft (DEG), we updated financed emissions calculation tool and integrated more accurate data of sectoral emissions and energy mix from the latest National GHG inventory report (2022)²⁸.

8. Climate-related Financial Disclosures 2025

In 2021, we published our first disclosure to demonstrate our commitment towards taking active measures to mitigate climate change, to assess and mitigate climate risks and to identify climate opportunities. Since then, we advanced our TCFD framework, especially in strategic planning and risk management. These developments are described in this report. As the sustainability landscape evolves with new information and greater standardisation, TBC will continue to refine and expand its disclosures to provide meaningful information for stakeholders.

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²⁷ <https://nbg.gov.ge/>

²⁸ NATIONAL GREENHOUSE GAS EMISSIONS AND REMOVALS INVENTORY DOCUMENT OF GEORGIA (1990-2022); <https://www.undp.org/sites/g/files/zskgke326/files/2025-02/undp-georgia-ghr-emissions-removals-inventory-1990-2022-eng.pdf>

²⁹ <https://nbg.gov.ge/>

reduction in line with the 1.5°C scenario. The assessment results enabled us to set Paris Agreement-aligned GHG emissions reduction targets for Scope 1 and Scope 2 to reach net-zero in direct emissions by 2030, as well as setting targets within our transition plan to reach net-zero as soon as practicable thereafter.

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As the sustainability landscape evolves with new information and greater standardisation, TBC will continue to refine and expand its disclosures to provide meaningful information to stakeholders. We expect the availability and reliability of the required data to improve over time, and we intend to integrate improved data into our reporting as it becomes available.

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8.1 GOVERNANCE

8.1.1 The Board's oversight of climate-related risks and opportunities

Since 2021, we publish our disclosure to demonstrate our commitment towards taking active measures to mitigate climate change, to assess and mitigate climate risks and to identify climate opportunities. Since then, we advanced our TCFD framework further, especially in strategic planning and risk management. These developments are described in this report. As the sustainability landscape evolves with new information and greater standardization, TBC will continue to refine and expand its disclosures to provide meaningful information for stakeholders.

The TCFD Recommendations are structured around four content pillars: (i) Governance; (ii) Strategy; (iii) Risk Management; and (iv) Metrics & Targets; and eleven recommendations to support effective disclosure.

In 2025, we enhanced further our climate-related approach. We updated the environmental, climate-related and social risk assessment procedure of lending operations and incorporated climate-related transitional and physical risks on a sectoral level based on the ESG Risk Radar considerations of the National Bank of Georgia (NBG). We measured our direct and indirect performance against the Paris Agreement targets for the reduction of GHG emissions and identified pathways for emissions reduction in line with the 1.5°C scenario. The assessment results enabled us to set Paris Agreement-aligned GHG emissions reduction targets for Scope 1 and Scope 2 to reach net-zero in direct emissions by 2030, as well as setting targets within our transition plan to reach net-zero as soon as practicable thereafter.

³⁰ NATIONAL GREENHOUSE GAS EMISSIONS AND REMOVALS INVENTORY DOCUMENT OF GEORGIA (1990-2022); <https://www.undp.org/sites/g/files/zskgke326/files/2025-02/undp-georgia-ghg-emissions-removals-inventory-1990-2022-eng.pdf>

We have expanded the scope of our Scope 3 emissions reporting and developed methodologies for the calculation of Category 5 (waste generated in operations) and Category 7 (employee commuting). As a result, our Scope 3 emissions cover four categories in total, including the two recently integrated categories, along with financed emissions and emissions from business flights. We understand that the transition to a lower-carbon and sustainable economy requires both internal knowledge building and awareness raising among customers, businesses, and the public. We focus on internal capacity building, involving in-house and external experts. In 2025, several trainings were delivered under the European Investment Bank's TA Programme to strengthen TBC staff's knowledge on IFRS S2 standard requirements and gaps; EIB's Green Eligibility Checker; and green financing and risk management.

As the sustainability landscape evolves with new information and greater standardisation, TBC will continue to refine and expand its disclosures to provide meaningful information to stakeholders. We expect the availability and reliability of the required data to improve over time, and we intend to integrate improved data into our reporting as it becomes available.

It should be noted that the data we have used provide the best available approach to reporting the progress made, notwithstanding the challenges that exist given the incompleteness and novelty of the data sets and the methodologies required for the Georgian environment. In 2025, we made meaningful progress in improving the accuracy of methodology for calculating our financed emissions. With the involvement of the external consultancy supported by the technical assistance programme of Deutsche Entwicklungsgesellschaft (DEG), we updated financed emissions calculation tool and integrated more accurate data of sectoral emissions and energy mix from the latest National GHG inventory report (2022).

8.2 Governance

8.2.1 Supervisory Board's oversight of climate-related risks and opportunities

The Supervisory Board approves and oversees the Group's ESG Strategy in order to address the Group's targets and initiatives that relate to climate change, its direct and indirect environmental impact, and sustainable development across the Group. The ESG Strategy also covers customers, employees, suppliers, wider society, financial inclusion, employee relations, talent management, workplace diversity, and inclusion. The Supervisory Board retains the primary responsibility for overseeing the implementation of the strategy as part of its commitment to having direct oversight over the Group's climate-related issues.

In January 2022, the Group established an Environmental, Social and Governance (ESG) and Ethics Committee at the Supervisory Board level. This reflects the importance of sustainability in TBC's corporate governance and allows Board members to dedicate more time and attention to ESG topics.

The role of the Committee has been formalized to support and advise the Supervisory Board in its oversight of the implementation of the strategy, policies, and programmes of the Company and its subsidiaries in relation to ESG matters and ensuring that the ESG strategy is implemented across all of the Group's relevant businesses.

Furthermore, the ESG and Ethics Committee supports the Supervisory Board in promoting its collective vision of values, conduct, and culture and overseeing the efforts of the executive management (the Executive Management of Joint Stock Company TBC Bank) to foster: (i) a culture of ethics; (ii) appropriate conduct; and (iii) employee ethical engagement within the Group.

In carrying out its role, the Committee: a) periodically assesses the potential impact the Bank can have on critical ESG, including climate-related matters within its operational markets, considering both risks and opportunities; b) regularly reviews ESG-driven business opportunities identified by the Bank's business units, evaluates the execution of related initiatives, and assesses their contribution to strategic goals and financial performance; c) oversees climate and sustainability practices related to products and services for clients, specific industry sectors, and the Bank's internal operations. d) oversees the Bank's ESG disclosures, including reviewing and recommending key reports such as the Sustainability Report, ensuring accuracy, transparency, and alignment with

global standards; e) stays informed on evolving ESG trends, investor expectations, and regulatory requirements, and ensure that the Bank's response to these trends meets stakeholder demands.

The Committee provides strategic guidance on climate-related matters and reports to the Supervisory Board, which has overall oversight. The ESG and Ethics Committee met four times during 2025 and covered the following topics: a) a regular review of and status update on the ESG strategy for 2025–2027, including its climate action strategy, and implementation progress; b) ESG-driven business opportunities identified by TBC Bank's Corporate and MSME business directions; c) the role of risk functions in management of ESG and climate-related risks; and d) oversight and recommendations to the Supervisory Board for approval of the disclosures on ESG matters, including reporting in line with the TCFD principles, in the Annual Report and Accounts. The key topics covered in 2025 by the ESG and Ethics Committee were as follows: tracking progress against the ESG Strategy's targets, such as the volume of the sustainable portfolio; the direct GHG emissions; deep-dive assessments into climate and sustainability practices, including Scope 1, 2, and 3 emissions and the net-zero action plan; evolving ESG trends, investor expectations, and regulatory requirements; green financing opportunities, sustainable investment products, and other ESG-related initiatives reviewed by the Corporate and MSME business directions; the role of risk functions in management of environmental, climate-related and social risks of lending, as well as enhancing internal green loan assessment capabilities; annual review of the Environmental and Climate Change Policy, the Human Rights Policy and the Diversity, Equality and Inclusion Policy; review of the Exclusion List and ESG risk appetite definitions; review of the climate action plan, including the progress reports on the TCFD implementation; review of TCFD reporting for the Annual Report 2024 and the Sustainability Report 2024; and the ESG and climate-related training agenda for TBC staff.

Furthermore, the ESG and Ethics Committee reviews and recommends to the Supervisory Board Audit Committee any ESG-related disclosures to be incorporated in the annual financial reporting including the Task Force on Climate-Related Financial Disclosures (TCFD) report, sustainability reports, ensuring accuracy, transparency, and alignment with global standards.

The Supervisory Board is supported by the Risk Committee. Progress against the reporting metrics, such as the volume of the sustainable portfolio, is reported to the Risk Committee, which also receives updates four times a year through the Chief Risk Officers' (CRO) report. As part of the Risk Appetite Framework (RAF), the ESG Risk Appetite metrics are reviewed annually and the ESG Risk Appetite results are also reported to the Risk Committee on a quarterly basis. Furthermore, the responsibilities of the Audit Committee include the review of annual reports, including TCFD reporting, as well as following up on compliance through policies, procedures, and regulations.

The Human Resources and Remuneration Committee covered strategies and policies related to the social aspects of ESG and performance metrics for evaluating executive contributions to ESG objectives. Please see more details in the in the Annual Report of TBC Bank Group PLC on the page 214.

Supervisory Board has established a diverse and comprehensive training agenda, which is reviewed annually. The Group's Company Secretarial team creates a general training catalogue at the beginning of each year, which covers all relevant areas of Risk, Audit, Remuneration and Governance. The catalogue includes an effective mix of publicly available and client-tailored webinars, analytical materials, and opportunities for live discussion with industry participants. The providers of these training opportunities include the Big Four accounting firms, external legal advisors, chartered institutes (such as the Institute of Directors and the Governance Institute), and, where relevant, senior professionals with specific subject matter expertise. Directors use the training catalogue in order to create their bespoke training calendars and exchange knowledge during Supervisory Board meetings or via the dedicated Supervisory Board platform. In 2025, the Supervisory Board member and Chair of the ESG and Ethics Committee, Eran Klein, enhanced his competencies in sustainability and climate change by completing two professional development programmes: the Championing Sustainability from the Boardroom course offered by the Stanford Doerr School of Sustainability, and the Oliver Wyman Transition Planning Masterclass Series.

8.2.2 Executive management's role

At the executive level, responsibility for climate change-related risks and opportunities is assigned to the ESG Committee, which was established by the executive management in March 2021. The ESG Committee is responsible for implementing the ESG strategy and approving annual action plans and separate, detailed action plans for key projects. The committee meets every quarter to monitor the progress and implementation status of these action plans. In 2025, it covered the following climate-related topics in its four meetings: TCFD reporting; the TCFD implementation action plan; the ESG risk appetite; progress against ESG Strategy targets such as the volume of the sustainable portfolio; the Environmental and Climate Change Policy; direct GHG emissions and financed emissions; Paris Alignment Calculation at the Group Level; the National Bank of Georgia's updated ESG Reporting and Disclosure Requirements; the new procedure for the assessment of non-standard Green Assets; the ESG and climate-related training agenda for the TBC staff; and the involvement of external international and local experts in the development of climate-related approaches and methodologies. The ESG Committee's responsibilities also include the review and monitoring of climate-related risks and opportunities as well as the establishment of an effective mitigation and control system to manage identified (material) climate-related risks.

Furthermore, the Environmental Committee meets three times in a year and oversees the implementation and operation of the Environmental Management System, which includes addressing resource consumption and other environmental impacts of TBC Bank's daily operations.

Functions responsible for climate-related matters

The implementation of the ESG strategy is supported by a number of organisational functions responsible for ESG matters: the ESG Department, the Environmental and Social Risk Management Team, and the ESG competences centre, which is a working group designed to support the enhancement of the TCFD framework.

The ESG Department supports the Bank's executive management in implementing the Environmental and Climate Change Policy, the Environmental Management System, and the Group-level ESG Strategy. While overall direction, governance, and strategic oversight are provided by top management, the ESG Department facilitates and coordinates the execution of these strategic priorities across the organisation. The ESG Department plays an active role in developing and expanding the Bank's sustainable portfolio by conducting monthly analyses of portfolio performance and working closely with the corporate, SME, and retail segments to monitor progress against set targets. It also coordinates climate-action processes among involved functions, identifies areas for enhancement, and provides expert guidance to support informed decision-making. Each year, the ESG Department conducts a sectoral climate risk assessment to identify, evaluate, and help manage climate-related risks in alignment with the Bank's governance framework. Since 2022, the Department has also been responsible for preparing the TCFD report, advancing the Bank's application of the TCFD framework and strengthening climate-related disclosures and actions. The ESG Department is actively integrating different ESG-related regulatory requirements and international standards into TBC's internal processes and ensuring that its non-financial disclosures are fully aligned with these standards. Additionally, the ESG Department oversees the calculation of the Bank's GHG emissions, monitors performance against Paris Agreement-aligned reduction pathways, and supports the implementation of the Bank's transition plan—reporting progress to executive management as part of the Bank's broader climate governance structure.

The Environmental and Social Risk Management (ESRM) Team within the SME and Corporate Business Credit Risk Department is responsible for implementing the ESRM procedures to identify, assess, manage, and monitor environmental, social, and climate-related risks in lending. These procedures are fully integrated into the Bank's credit risk management framework and apply to all commercial transactions. In addition, the assessment of loans using standard green criteria is carried out by the Environmental and Social Risk Management Team. The ESRM team has three members – Environmental and Social Risk Managers implementing ESRM procedures and assessing loans with standard green criteria. Starting from January 2026, the ESRM team will be integrated into the ESG Department as of January 2026.

The ESG Competence Centre is a cross-functional working group established to strengthen the Bank's TCFD framework. It consists of members of the ESG Department together with portfolio credit risk managers from the Corporate, MSME, and Retail segments. The group is responsible for continuously improving TBC's climate risk assessment methodology and conducting an annual climate stress test across the Bank's entire portfolio.

8.3. Strategy

The Bank's objective is to act responsibly and manage the environmental, climate and social impacts associated with its operations. To achieve this, the Bank has clearly defined processes in place to identify and assess environmental and climate risks related to our business activities. This approach enables the Bank to reduce our ecological footprint by using resources efficiently and promoting environmentally friendly measures in our operations. In addition, assessing and managing sustainability and climate-related risks within our financing activities is a central pillar of our ESG Strategy. We regularly measure the GHG emissions of our loan portfolio to identify carbon-intensive sectors and inform our pathway toward portfolio decarbonisation. To further strengthen our risk management framework, we plan to introduce climate-sectoral guidelines for eight priority sectors, ensuring that climate risks are systematically integrated into lending decisions and associated environmental and social risks are adequately assessed and mitigated.

The Bank recognises that climate-related opportunities can drive innovation, efficiency, and long-term value creation. By proactively identifying and leveraging these opportunities, we aim to enhance business resilience and support the transition to a low-carbon economy. Our approach includes investing in sustainable technologies, improving energy efficiency, and developing tailored green financial products that reflect sector-specific risks and characteristics. Access to sustainable funding from partner IFIs enables us to offer clients more favorable loan terms, cashbacks, guarantees, and technical expertise to accelerate green investments, while prioritising green financing strengthens the sustainability and resilience of our portfolio.

TBC Bank has reviewed all the operational activities, procured items, and outsourced services that it can control (present and planned), and has identified all the environmental aspects relevant to the business. The direct environmental impact of our business activity arises from energy, water, fuel, and other resource usage, waste, and emissions. The Bank has established a comprehensive internal environmental system to manage its GHG emissions and is committed to reducing them by closely monitoring its consumption of resources. In order to evaluate the significance of the impact for each of the categories, we have developed a comprehensive evaluation methodology. Based on this, annual goals are defined and specific initiatives and programmes are developed to attain them.

Since 2020, TBC has the ISO 14001:2015 certificate for its Environmental Management System. The renewal of the certificate for 2023 was conducted in December 2023 and the following re-certification in 2024 and 2025 was also completed successfully. More information about the Environmental Management System can be found in the Risk Management section of this chapter on pages 77-83.

The table below summarises the environmental and climate-related initiatives of the ESG Strategy in 2025 and 2026:

2025 ESG Strategy target / initiative	2025 status	2026 target
Sustainable Portfolio Development		
Sustainable portfolio volume – GEL 2 billion	The portfolio volume reached GEL 2.29 bln and surpassed the target GEL 2 billion	GEL 3.2 billion
Establishment of the green asset assessment process	Green asset assessment process established; several green assessment criteria and methodologies developed	Development of tailored green products for different economic activities and customer segments
Development of tailored green products	Internal assessment of opportunities to offer tailored green products conducted; two consultancy projects supporting development of tailored green products initiated	Development of tailored green products for different economic activities and customer segments
ESG Academy		
Green mindset and green financing for employees and customers	The ESG Academy delivered 41 training sessions for 728 employees and 204 clients across Tbilisi and regional locations	Developing a new course for EE and green technology for TBC staff
Courses for suppliers	Supplier monitoring results analysed to identify relevant topics	Developing a training course for suppliers about environmental, social and climate-related topics.
Alignment with international standards and regulations		
Alignment with IFRS S1/S2 standard	Gap analysis of TBC Bank's practices with IFRS S2 requirements has been conducted, and Implementation Plan has been prepared	IFRS S1 and S2 to be implemented
Implementation of new NBG Pillar 3 ESG disclosure ³¹ requirements	NBG has updated ESG disclosure template substantially	Implementation of NBG's updated ESG Disclosure requirements
Development and initiation of the transition plan	Paris aligned GHG reduction targets for direct and indirect emissions have been calculated and the transitional plan has been established	Implementation of the transitional plan
Methodologies and data		
Development of sectoral guidelines	Two technical assistance (TA) programmes with ADB and DEG have been launched under which external consultants will support us in preparing sector-specific climate-risk guidelines	Development of 8 sectoral guidelines for relevant climate risks and delivery of climate risk trainings to relevant TBC staff
Portfolio distribution analysis by geographical location		Development of a system to analyze portfolio distribution by geographic location and identify associated climate-related physical risks
Automation of the Environmental, Social and Climate Risk Assessment process		Simplification and partial automation of the Environmental, Social and Climate Risk Assessment process and enhancing the evaluations through the integration of AI and improved reporting tools

TBC Group's ambition is to be the leading supporter of ESG principles in Georgia and the wider region. We aspire to make our environmental impact net-zero. By developing our measurement methodologies and improving our data, we have been able to define our net-zero pathway for direct environmental impact (Scope 1 and Scope 2 GHG emissions) more accurately. We aim to achieve a net-zero direct environmental impact by 2030.

In 2025, we measured TBC Bank's and TBC Group's direct and indirect performance against the Paris Agreement targets for the reduction of GHG emissions and identified pathways for emissions reduction in line with the Paris Agreement 1.5°C scenario targets. The GHG emissions pathways have been constructed based on the Science Based Initiatives³² targets. Considering the current state and accuracy level of data, we consider ourselves to be on the path towards a net-zero target in 2050. Moreover, we seek to achieve net-zero for our environmental performance earlier and are implementing a long-term transition plan to reduce GHG emissions.

In 2025, TBC received technical assistance from the European Investment Bank (EIB). Under the technical assistance, the external consultants conducted a gap analysis to assess the existing strengths, identified areas where gaps remain, and provided directional insights to further enhance TBC Bank's climate-related disclosures in line with IFRS S2. The findings of the analysis make a

³¹ <https://nbg.gov.ge/>

³² The Science-Based Targets Initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis (www.sciencebasedtargets.org)

foundation for the IFRS S2 full implementation. The EIB's TA also included a capacity building component under which training sessions have been held for strengthening TBC staff's expertise, skills, and knowledge about the topics such as: the IFRS S2 standard and results of the gap analysis; green financing opportunities and approaches to managing associated risks; EIB's Green Eligibility Checker tool designed to support green loan assessment process.

8.3.1 Climate-related risks and opportunities

Climate-related risks

The table below contains a summary of the potential transitional and physical risks identified by the Bank for the Georgian environment. The time horizons considered in the assessment are short (0-3 years), medium (4-8 years), and long (above eight years). The levels of possible impact are classified as low, medium, or high. The categories of low, medium, and high risk were applied to compare the relative risk of sectors and risk categories. They do not indicate the materiality of the respective risk. The same is true of the judgements of the riskiness of sub-categories of transitional or physical risk compared to other sub-categories. Since these judgements are relative rather than absolute, they cannot be compared to other countries or regions.

	Transition risks				Physical risks	
Risk sources	Policy and legal	Technology	Market	Reputation	Acute	Chronic
Types of risks	Enhanced regulatory environmental and mandated requirements: may introduce minimum standard or expectations on green credentials of product outputs or business operations, and/ or enhanced emissions reporting obligations	- Substitution of existing products and services with lower emissions options, including requirements to replace manufacturing technology with cleaner alternatives - Investment in technology to reduce emissions or improve the energy efficiency of operations and households	- Changing customer behaviour, including a deliberate move to lower carbon footprint products - Increased cost of raw materials, increased volatility and costs, sourcing restrictions for carbon heavy raw materials	- Shifts in consumer preferences to green products - Stigmatisation of the sector, resulting in reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention) - Increased stakeholder concern or negative stakeholder feedback	- Increased severity of extreme weather events such as floods	- Changes in precipitation patterns and extreme variability in weather patterns affecting food production and living environment - Rising mean temperatures affecting working conditions, living conditions, and local infrastructure - Rising sea levels affecting local ecosystems, increasing subsidence, and flood risks
Time horizon	Medium	Long	Medium	Long	Medium	Long
Level of potential impacts affecting customers and TBC	Low	Low	Low	Low	Medium	Medium

The overall and sectoral assessments of transitional and physical risks are given below. Each sector that has a share of 1% or greater in the Bank's gross loan portfolio is assessed separately. Furthermore, carbon-related sectors such as metals and mining, oil and gas, are assessed separately, despite having a share under 1%. The time horizon indicates when the respective risk will start to materialise, while the level of potential impacts gives the level of the risk. It is assumed that the level of risks remains the same in the following periods.

GEL in mln

Transition risks



Physical risks



● Low risk ● Medium risk ● High risk

Since 2024, we established enhanced climate-related approaches. We reviewed our assessments of climate-related transitional and physical risks on a sectoral level and incorporated the ESG Risk Radar considerations of the National Bank of Georgia (NBG)³³, especially for the short-term perspective. The scoring system of the ESG Risk Radar has been applied for all sectors in Georgia classified as main sectors by the NACE sector codes (Eurostat 2008). Currently, the highest score is 9, indicating that no critical sectors have yet been identified in Georgia. However, some sectors with scores of 7, 8, and 9 need to be considered as potentially high risk, while others (scores 5 and 6) render the portfolio vulnerable to climate risks³⁴. The ESG Risk Radar provides a foundation for the assessment of climate-related risks on a sectoral and customer level. We consider the ESG Risk Radar scores when addressing the risks and opportunities of climate-related activities. We developed our internal ESG profiles methodology based on the ESG Risk Radar. More details are given in the section on the overall risk management process on pages 77-82. Furthermore, the opportunities related to climate-exposed sectors are given below in the section on climate-related opportunities on page 72.

The Overall Assessment of the Impact of Transitional Policy and Legal Measures

TBC Bank has assessed the potential impact of the policy measures laid out in Georgia's 2030 Climate Change Strategy³⁵ and Climate Strategy Action Plan³⁶ on the different economic sectors that it finances. As a summary of the potential impact of the various transition risks identified, the transitional risks in Georgia and on the TBC Bank's activities are low. Given that trade and services dominate the Georgian economy, the policy measures outlined in Georgia's 2030 Climate Change Strategy will have a low overall impact on those economic sectors, especially in the short and medium term. Taking into consideration Georgia's status as a transitional, growing economy, Georgia's 2030 Climate Change Strategy aims not to impede GDP growth with policy measures but rather to support a smooth transition where necessary. It is worth noting that the economic sectors most affected by transitional risks worldwide, such as mining, crude petroleum, natural gas and metal ores, manufacturing coke and refined petroleum products³⁷, are only present to a very limited extent in Georgia, resulting in the transitional measures having a low overall impact on economic growth, if any.

Technology risk

Technology risk is a subcategory of transition risk. The technology risk related to climate change, unnecessary investments in technological development, or missing investments in technological improvements are assessed to be low in Georgia. Georgian companies invest very little in the development of new green technologies; rather, they benefit from technologies developed in other, technologically advanced countries and deploy technologies which are already tested and established. Therefore, failed investments are unlikely to occur.

Market and reputational risk

Market risk is low, as consumer behavior in Georgia shows a very slow trend towards lower carbon footprint products. For reputational risk, no material impact is expected, as TBC Bank has developed Environmental and Social Risk Management Procedures to identify, assess, manage, and monitor environmental and social risks. These procedures are fully compliant with Georgian environmental legislation and follow international best practices. Please see more information about the environmental management system on pages 77-83.

³³ <https://nbg.gov.ge/>

³⁴ Score 7 - A Agriculture, Forestry and Fishing, Growing of non-perennial Crops, Forestry and Logging, Manufacture of Food Products, Manufacture of Chemicals and Chemical Products, Electricity, Gas, Steam and Air Conditioning Supply, Water Supply, Sewerage, Waste Management and Remediation Activities. Score 6 - Growing of perennial Crops, Animal Production, Fishing and Aquaculture, Manufacturing, Manufacture of Tobacco Products, Manufacture of Coke and refined Petroleum Products, Manufacture of Motor Vehicles, Trailers and Semi-Trailers, Construction, Transportation and Storage (www.nbg.gov.ge) .

³⁵ <https://mepa.gov.ge/>

³⁶ <https://mepa.gov.ge/>

³⁷ Key elements of the 2021 Biennial Exploratory Scenario: Financial risks from climate change | Bank of England.

The Overall Assessment of the Impact of the acute and Chronic Physical Risks

Georgia's geographical location and natural conditions, as a small country with a mountainous landscape, a Black Sea coastal zone, and semi-arid areas in the Southeast, contribute to the country's vulnerability to the physical risks of climate change. The sectors that are thought to be most vulnerable to climate change in Georgia include agriculture, forestry, tourism, and healthcare³⁸.

The impact of acute and chronic physical risks on economic sectors which are financed by TBC Bank will materialise over time. For the Group, risks can materialise through the impairment of asset values and deterioration in the creditworthiness of customers operating in Georgia. Certain geographic areas and economic sectors, such as winter resorts and agricultural land, are already partially affected and might deteriorate further in the medium term. The overall assessment of the potential impact of acute and chronic physical risks on Georgia and on TBC Bank's activities is medium in a long-term perspective. Currently, no material impact on TBC Bank's activities is observable. It is understood that climate change risks are largely associated with longer-term impacts; however, those longer-term impacts are unclear, especially considering the shorter-term maturity structure of the Bank's loan portfolio.

Climate-related opportunities

Climate-related opportunities are directly linked with climate risks and economic sectors that have significant negative environmental impact and/or might be potentially affected by climate risks. The financing of mitigation measures that reduce GHG emissions covers sectors such as transportation, building, energy generation and transmission, agriculture, and manufacturing. Adaptation to climate change covers sectors of agriculture, infrastructure, tourism, and water resources.

TBC's approach corresponds with the Climate Action Plan of Georgia for the implementation of the Nationally Determined Contribution targets that are given below:

- To mitigate projected greenhouse gas emissions in the transport sector by 15% by 2030;
- To support the low carbon development of the building sector through encouraging energy efficient technologies and services;
- To mitigate projected greenhouse gas emissions in the energy generation and transmission sector by 15% by 2030;
- To support the low carbon development of agriculture sector through encouraging climate smart agricultural technologies and services;
- To support the low carbon development of industry sector through encouraging innovative, climate-friendly technologies and services, in order to mitigate projected emissions by 5%;
- To support the low carbon development of the waste sector through encouraging the innovative, climate-friendly technologies and services.

We acknowledge the importance of sustainable lending and are actively implementing a standardised approach to sustainable finance, including energy efficiency, renewable energy, and resource efficiency financing for our retail and business clients. The largest part of our sustainable portfolio consists of energy efficiency, renewable energy, and resource efficiency financing and equals GEL 1.29 billion out of GEL 2.29 billion. The remaining part of the sustainable portfolio consists of women and youth financing, affordable housing, and start-up loans. The growth targets of the sustainable portfolio are set in the ESG Strategy annually; the targets are defined after considering customer needs for green financing and discussions with respective business departments of TBC Bank. For 2026, the target volume of GEL 3.2 billion was approved by the Supervisory Board.

³⁸ <https://unfccc.int/>

Considering the existing potential of renewable energy production, TBC became the leading partner in Georgia in local renewable energy financing, including hydropower stations.

We actively cooperate with international partners to attract financing for sustainable lending:

- TBC is actively mobilising green funds from partner international financial institutions to promote sustainable economic growth, primarily by financing energy efficiency, resource efficiency, and renewable energy projects. Those facilities will help local businesses and households to become more competitive by investing in high-performance technologies and adopting energy-efficient practices. In addition, financing is coupled with technical assistance programmes, providing know-how and technical expertise to borrowers and ensuring that their green investments are successfully implemented. Several green facilities have grant incentives in place as well. As of year-end 2025, TBC had various green facilities in place, totaling up to GEL 1.38 billion, from which around GEL 250 million has been attracted within 2025 from long-standing international partners, such as FMO, Proparco, EBRD, and DEG;
- In addition, in 2022, after receiving accreditation from the Green Climate Fund (GCF) in 2021, TBC signed an Accreditation Master Agreement (AMA), which is the central instrument setting out the basic terms and conditions to work with the Green Climate Fund (GCF). This authorises TBC Bank to access and mobilise financial resources from the GCF and formalises TBC's accountability in carrying out GCF-approved projects appropriately;
- The Bank acknowledges the importance of addressing gender equality and the empowerment of women and has in place several facilities that promote women's entrepreneurship by supporting increased access to finance, providing non-financial services as well as knowledge-sharing opportunities. In addition, the Bank has dedicated funds supporting young borrowers and entrepreneurs, providing loans for education, mortgage loans, and loans to start businesses;
- TBC Bank has in place several guarantee facilities with a special focus on start-ups, women, and regional entrepreneurs. These risk-sharing instruments serve as a partial substitute for collateral and enable the Bank to increase access to financing for underserved target groups, granting them better growth and development opportunities.

8.3.2 Climate-related risks and opportunities on the businesses, strategy, and financial planning

In 2024-2025, we have been focusing on the development of detailed transitional plans, which are based on the results of measuring the Bank's performance against the Paris Agreement targets for the reduction of GHG emissions. To support this process, we contracted an international consultancy company and local and international experts and developed a detailed scope of work covering the following: calculation of financed emissions, carbon reporting, Paris Agreement alignment, development of a decarbonisation action plan and carbon impact assessment methodology, carbon footprint assessments of selected customers, and building institutional capacity.

To support our transition plan, we have already implemented several different measures:

- In 2025, we installed an additional solar power plant at the data centre, bringing the total number of solar plants operating at our own locations to two, with a combined capacity of 272 kw. Total investments amounted to approximately GEL 386,394. In addition, we contracted new renewable energy suppliers, increasing the share of renewable energy in our total electricity consumption to 45%, while the share in regional operations reached 80%;
- We are gradually increasing the amount of electric and hybrid cars in our car fleet. The fleet now includes 90 electric and hybrid vehicles, accounting for 58% of all company cars;
- Starting in 2022, we installed energy-efficient heating/cooling systems in all newly renovated branches; total investment, including construction works, amounts to GEL 2.3 million;

- During 2025, we continued renewing IT infrastructure with energy-efficient servers. As a result, the computational resources of the servers increased by 20-30%, without leading to any additional electricity consumption, hence these changes led to saving 20-30% in potential energy expenditure; furthermore, a solar power station in a total capacity of 142 kw provides an average of 30% of the data centre's overall energy demand;

- Furthermore, we have been installing 38 electric charger stations at our head office and other premises; this planned investment amounts to GEL 206,688.

In order to support the greening of our portfolio and reduce our financed emissions (Scope 3), we are enhancing our green financing efforts:

- We are increasing our volume of green financing every year;
- In 2025, we exceeded our strategic target of GEL 2 billion for the sustainable portfolio volume by 14.3% and reached GEL 2.29 billion;
- Acquired green funding from various international financial institutions is increasing every year. As of 2025, it stands at GEL 1.38 billion.

The main opportunities lie in energy-efficiency and renewable energy financing. However, we offer a wide range of other green and climate-related financing to our customers. The table below provides a summary of climate-related opportunities by sector:

Sector	Bank's loan book	Contribution ³⁹	Score ⁴⁰	Product Catalogue
Agriculture	3.9%	4	6	Energy-efficiency loans Climate-smart technologies New irrigation systems
Automotive	1.3%	1	2	Hybrid and electric cars, Euro 5, Euro 6 and Euro 7 cars Energy-efficiency loans Industry autos
Construction	6.3%	3.5	6	Energy-efficiency loans for construction projects Production of energy-efficient building materials Energy-efficiency loans for machinery / appliances Charging stations for electric cars
Energy & utilities	3.4%	4	7	Renewable energy financing Charging stations for electric cars
Food industry	5.3%	2	4	Energy-efficiency loans (warehouses, storage, appliances, cars)
Individuals	36.6%	N.A	N/A	Energy-efficiency mortgages Hybrid and electric car loans
Manufacturing	0.7%	2	4	Energy-efficiency loans (machinery, appliances, buildings) Carbon filtering
Metals and mining	0.7%	2.5	4	Energy-efficiency loans (machinery, appliances, buildings)
Oil and gas	1.3%	4	7	Energy-efficiency loans for building charging stations for electric cars
Real estate	12.5%	1.5	3	Energy-efficiency loans Renewable energy financing (solar panels)
Transportation	1.6%	4	6	Hybrid and electric cars, Euro 5, Euro 6 and Euro 7 cars, buses, trucks

In 2025, we continued to incorporate climate and broader ESG considerations into our financial planning processes. We introduced a Green (Lending) Coordinator role in branches and conducted training sessions to strengthen the green lending capacity in front office. Additional qualitative considerations related to climate and ESG matters were incorporated in the 2025 financial planning cycle. In 2025, the Bank also continued aligning loan portfolio growth planning with the risks and opportunities in different business segments and economic sectors: retail, MSME and corporate.

³⁹ The Climate Risk Radar assigns a GHG-emissions contribution score according to the National Greenhouse Gas Inventory Report of Georgia 1990-2017.

⁴⁰ The Climate Risk Radar defines 4 risk categories: 0-3 neglectable, 4-5 vulnerable, 6-7 high risk, 8-10 critical. There are no sectors with a critical risk profile.

As of the end of 2025, the sustainable portfolio of TBC Bank, which equals to GEL 2.29 billion, includes exposures with different purposes, such as: energy-efficiency loans, electric car loans, renewable energy financing for solar panels, wind and hydro power plants.

Sector	% in standalone Bank's loan book	Share in the sustainable portfolio	Focus areas for financing in 2025
Retail segment	37%	1.7%	Energy-efficiency Electric and hybrid cars Mortgages Solar panels
MSME segment	22%	4.5%	Energy-efficiency Renewable energy Climate-smart technologies Hybrid and electric cars Industry autos
Corporate segment	41%	93.8%	Energy-efficiency Renewable energy Climate-smart technologies New irrigation systems Industry autos

In 2026, we will focus on integrating tailored sectoral transitions plans and Paris Agreement alignment considerations into the financial planning process, elaborating the respective methodologies and tools and increasing our internal expertise and capacity.

8.3.3 Climate-related scenarios

TBC is taking significant steps to develop its scenario analysis capabilities to better understand and act on the implications of climate-related risks and opportunities for our business and customers. The development of climate related scenario analysis is a challenge, as the availability, accessibility, and suitability of climate data and subsector information for financial risk analysis, as well as climate-related risk modelling capabilities, are very limited in Georgia and still evolving. Despite these limitations, the scenario analysis allows us to test a range of possible future climate pathways and understand the nature and magnitude of the risks they present. The purpose of scenario analysis is not to forecast the future but to understand and prepare to manage the risks that could arise.

In 2024, the National Bank of Georgia (NBG) has developed a comprehensive Climate Stress Testing Framework⁴¹ that integrates multiple analytical modules and specialised tools to assess both acute physical risks and transition risks. By covering both physical and transition risks, the framework provides a holistic view of the challenges posed by climate change. It also uses NGFS scenarios as reference scenarios to align the stress tests with globally recognised standards. The framework is comprehensive, covering both retail (Household sector) and non-retail portfolios (Corporate sector), ensuring that all significant exposures within Georgia's financial sector are evaluated for potential climate-related vulnerabilities.

The Climate Stress Testing Framework

The Climate Stress Testing Framework includes:

- Acute Physical Climate Risk Module⁴² which focuses on assessing the immediate impacts of extreme weather events on the Georgian economy and financial system. This module utilises historical data, scenario construction, and advanced modelling techniques to project the economic damage associated with specific hazards such as heatwaves, extreme precipitation, and wind events. These projections are then used to evaluate the broader economic impacts, including potential changes in GDP and sectoral outputs;

⁴¹ <https://nbg.gov.ge/>

⁴² The NGFS does not provide acute climate risk assessments and scenarios specific to Georgia; therefore, alternative sources were needed. The GIZ Study, "Supporting Climate Resilient Economic Development in Georgia," offers essential information on historical and projected climate hazards and their economic effects for Georgia. In particular, it analyses past extreme climate events and the resulting monetary damages. These findings are then utilised to synthesise the anticipated differential effects of heatwaves, extreme precipitation, and extreme wind events on various sectors of the Georgian economy. (GIZ. 2022. Supporting Climate Resilient Economic Development in Georgia: www.giz.de)

- Transition Risk and Chronic Physical Risk Module⁴³, which addresses the longer-term risks associated with gradual climate change and the transition to a low-carbon economy. By analysing scenarios such as delayed transition pathways, this module examines how abrupt policy changes, technological shifts, and market dynamics can affect the financial sector;
- Stress Test Module for Corporate Sector is designed to assess the exposure of corporate loans to climate-related risks, focusing on the potential impacts on non-performing loans (NPLs), loan loss provisions within each sector and banks' capital adequacy. It integrates outputs from both the acute physical and transition risk modules to project sector-specific NPL ratios under various climate scenarios. This approach allows for a detailed analysis of how different industries within the corporate sector might be affected by climate-related risks, particularly those industries that are more carbon-intensive or less able to pass on costs associated with climate policies. The module uses NBS's Top-Down Stress Test Model to simulate the financial impacts on bank capital and overall sector stability;
- Stress Test Module for Household Sector evaluates the impact of climate-related risks on household loans, focusing on NPL ratios, loan loss provisions and their effect on banks' capital adequacy. It utilises projections of key variables, such as real estate prices and loan-to-value ratios, under different climate scenarios. By assessing the household sector's vulnerability to both acute physical and transition risks, this module provides insights into the broader impacts on financial stability, enabling a comprehensive evaluation of potential stress factors on household loan portfolios.

A key aspect of this modelling approach is the deviation from traditional Input-Output (IO) models. Typically, in IO models, gross output is determined endogenously from the exogenous final demand. However, in the context of extreme weather events, this assumption does not hold. Such events impose significant supply-side constraints on affected industries, limiting their ability to meet future demand for their goods. As a result, for these industries, final demand can no longer be considered exogenous because it must now account for the supply limitations imposed by the climate shock.

To address this complexity, a Mixed Endogenous/Exogenous Model (MEEM) is employed. This approach accommodates the simultaneous supply and demand constraints that arise when industries face disruptions due to acute physical risks. The MEEM, as described by Miller and Blair (1985), allows for a more accurate representation of the economic dynamics in scenarios where industries cannot fulfil the exogenously set demands due to physical constraints⁴⁴.

Extreme weather events are treated as one-time shocks, with effects projected for the year following their occurrence, i.e., a one-year projection. However, the impacts of these hazards on subsequent years are also incorporated through frontloading. Frontloading ensures that the cumulative effects of each hazard on GDP and sectoral Gross Value Added (GVA) are captured, providing a more comprehensive picture of the long-term economic impacts.

In addition to GDP projections, additional macroeconomic variables are required as inputs to the NBS's top-down stress test model. ARDL models⁴⁵ are particularly well-suited for studying the relationships between macroeconomic indicators (such as GDP, inflation, and interest rates) over

⁴³ For Georgia, these projections are generated using three Integrated Assessment Models (IAMs): REMIND-MAGPIE, MESSAGEix-GLOBIOM, and GCAM. Each of these models produces different projections of key climate-related and socio-economic variables, which are categorized into several scenarios. The REMIND-MAGPIE model was selected as the preferred tool for analysing long-term climate change scenarios relevant to

Georgia due to several reasons: a) the REMIND-MAGPIE model groups Georgia into a region that is more aligned with its primary trading partners and economies with similar structures; b) the REMIND-MAGPIE model was found to be closer in its CO₂ emissions projections, particularly in the energy sector; c) REMIND-MAGPIE was observed to provide more realistic projections, especially under the Net Zero 2050 scenario, and predicted lower and more plausible carbon prices and government carbon-tax revenues compared to MESSAGEix-GLOBIOM; d) the REMIND-MAGPIE model displayed more logical and consistent relationships between GDP growth and energy consumption, particularly in the industrial sector.

⁴⁴ <https://nbs.gov.ge/>

⁴⁵ The Auto Regressive Distributed Lag (ARDL) model is a key tool for analysing economic time series data, especially when variables may be interrelated over time. The key features of ARDL models include their flexibility in capturing dynamic relationships between variables, their ability to account for both short-term and long-term effects, and their usefulness in analysing complex economic relationships. In the case of a climate stress test exercise, ARDL models are utilised to assess the long-run relationship between various macroeconomic variables—such as the nominal effective exchange rates, real estate prices—and real GDP growth. The results of these assessments are the Long-Run Multipliers (LRMs) for each macroeconomic variable, which are then used to generate projections for each variable. (www.nbs.gov.ge)

time. They help to examine how changes in one variable affect another across different time horizons and to forecast future values of variables based on their historical patterns and relationships.

Scenario Selection

The NGFS has designed seven scenarios as part of its Phase IV, all of which share similar socio-economic assumptions and account for the recent energy market implications, such as those arising from the war in Ukraine. These scenarios are categorized into four groups: Orderly Scenarios (three scenarios), Disorderly Scenarios, Hot House World Scenarios (two scenarios), Too Little, Too Late Scenarios. The Delayed Transition with Medium Chronic Physical Risks scenario was chosen from the Disorderly category. This scenario was selected because it represents one of the highest transition risk scenarios, reflecting the substantial challenges that may arise if global climate action is delayed and then implemented abruptly. Delayed Transition assumes global emissions do not decrease until 2030, requiring strong policies thereafter to limit warming to below 2°C. This scenario involves higher transition risks due to delayed and uneven policy implementation across countries. Additional expert judgment was applied to the results to make them more relevant and appropriate to the Georgian context.

Conclusions

Acute Physical Climate Risk Scenario: The results by segments show that the potential impacts on non-performing loans (NPLs) in the retail, micro, SME, and corporate segments are immaterial. A few sectors show negative trends, such as agriculture, construction, industry, and non-renewable energy. However, considering that these are front-loaded effects, the results become negligible.

Transition Risk and Chronic Physical Risk Scenario: The results by segments show that the potential impacts on nonperforming loans (NPLs) in the retail, micro, SME, and corporate segments are negligible.

Even if the climate stress tests are not forecasting tools, they indicate the level of resilience towards climate shocks, especially in the short and medium term. Longer-term effects cannot be observed sufficiently, as the local regulator limits the maximum maturity of a loan is limited to 15 years, with a few exceptions; hence the average maturity of the TBC's loan portfolio is shorter than the 30-year time-horizon of climate stress testing. Furthermore, the climate stress tests show that the most vulnerable sectors are non-renewable energy, oil and gas, and construction, if the transition risks materialise. However, as mentioned above, transition risk is rather low in Georgia.

8.4 Risk management

Processes for identifying and assessing climate-related risks

The Bank has a comprehensive Environmental and Climate Change Policy in place, which governs our Environmental Management System ("EMS") and climate-related framework. Our Environmental and Climate Change Policy ensures that we:

- Establish methodologies to advance climate action and integrate the respective approaches into the operations and management processes of the Bank;
- Comply with applicable environmental, health and safety, and labour regulations;
- Use sound environmental, health and safety, and labour practices; and
- Take reasonable steps to ensure that our customers also fulfil their environmental and social responsibilities.

Our Environmental and Climate Change Policy is fully compliant with Georgian environmental legislation and follows international best practices. The full policy is available at <https://cms.tbcbankgroup.com/media/bcjl0qzg/environmental-and-climate-change-policy-tbc.pdf>.

Our EMS is based on four pillars:

- Internal environmental activities;

- Environmental and social risk management in lending;
- Sustainable finance; and
- External communications.

INTERNAL ENVIRONMENTAL ACTIVITIES

Calculation of Greenhouse gas (“GHG”) emissions

The implementation of an internal EMS addresses the Group’s consumption of resources. TBC Bank has reviewed all its operational activities, procured items, and outsourced services that it can control (present and planned), and has identified all of the environmental aspects relevant to the business. These are sub-categorised into indirect and direct environmental aspects, analysed through a comprehensive scorecard, and managed accordingly.

TBC Bank has established a comprehensive internal environmental system to manage and report on the Group’s GHG emissions and is committed to reducing its GHG emissions by closely monitoring its consumption of energy, water, and paper. The guidelines for documenting environmental data have been developed and responsible staff in subsidiary companies have been assigned to collect and provide the required data. More details on the Group’s GHG emissions and targets are given in the section on metrics and targets on pages 84-87.

Lending operations

The risks associated with climate change have both a physical impact arising from more frequent and severe weather changes, and a transitional impact that may entail extensive policy, legal, and technological changes to reduce the ecological footprint of households and businesses. For the Bank, both risks can materialise through the impairment of asset values and a deterioration in the creditworthiness of customers, which could result in a reduction in the Bank’s profitability. The Bank may also become exposed to reputational risks because of lending to, or other business operations with, customers deemed to be contributing to climate change.

As mentioned above, climate risks can materialise through the impairment of asset values and the deteriorating creditworthiness of customers. In order to increase its understanding of climate-related risks on its loan portfolio, the Bank performs annual sectoral risk assessments, as different sectors might be vulnerable to different climate-related risks over different time horizons. The risk assessment process and content are based on TCFD recommendations, climate-related documents published by the Bank of England, the climate change assessments of Georgia performed as part of the IPCC reports, the ESG Risk Radar of the NBG, and the targets and strategy 2030 defined by the Georgian Government to achieve the National Determined Contribution of Georgia⁴⁶. The assessment of levels and impacts might change in the future, based on further reviews of the methodology, deep-dive analyses, and increased understanding of the impact of climate change risks. The sectoral assessment was performed with the involvement of the business and credit risk specialists responsible for the respective economic sectors in the Bank.

The sectoral distribution of the loan portfolio as of 31 December 2025 is given in the table below:

⁴⁶ A nationally-determined contribution (NDC) is a national plan highlighting climate change mitigation, including climate-related targets for greenhouse gas emission reductions, policies and measures governments aim to implement in response to climate change and as a contribution to achieve the global targets set out in the Paris Agreement.

Gross loans by sectors for standalone Bank		Total exposure (GEL mln)	% of gross portfolio
Individual		9,935	36.6%
Real estate		3,405	12.5%
Construction		1,715	6.3%
Trade		1,668	6.1%
Food industry		1,434	5.3%
Other		1,423	5.2%
Hospitality & leisure		1,227	4.5%
Financial services		1,112	4.1%
Agriculture		1,057	3.9%
Energy & utilities		933	3.4%
Services		787	2.9%
Healthcare		515	1.9%
Transportation		433	1.6%
Automotive		351	1.3%
Oil and gas		351	1.3%
Pawn shops		321	1.2%
Manufacturing		197	0.7%
Metals and mining		183	0.7%
Media & publishing		105	0.4%
Communication		27	0.1%
NGOs and public sector		0	0.0%
Government sector		0	0.0%
Total loans to customers		27,179	100%

The

maturity of assets is essential when defining the different time horizons for analysis and when assessing the materiality of climate-related risks for the different sectors. The maturity structure of the loan portfolio shows that the majority of assets are distributed in much shorter time horizons than the timeframe in which the impacts of climate change, especially of physical risks, may arise in Georgia.

The maturity distribution of the loan portfolio as of 31 December 2025 is given in the table below:

Sector	Total exposure (GEL mln)	% of gross portfolio	Volume of loans <8y	% of loans <8y	Volume of loans <15y	% of loans <15y
Individual	9,935	36.6%	5,684	57%	9,254	93%
Real Estate	3,405	12.5%	2,464	72%	3,374	99%
Construction	1,715	6.3%	1,527	89%	1,715	100%
Trade	1,668	6.1%	1,519	91%	1,667	100%
Food Industry	1,434	5.3%	1,305	91%	1,434	100%
Other	1,423	5.2%	1,181	83%	1,423	100%
Hospitality & Leisure	1,227	4.5%	769	63%	1,227	100%
Financial Services	1,112	4.1%	1,099	99%	1,112	100%
Agriculture	1,057	3.9%	949	90%	1,057	100%
Energy & Utilities	933	3.4%	463	50%	873	94%
Services	787	2.9%	546	69%	787	100%
Healthcare	515	1.9%	460	89%	515	100%
Transportation	433	1.6%	392	90%	433	100%
Automotive	351	1.3%	314	89%	351	100%
Oil and Gas	351	1.3%	340	97%	351	100%
Pawn Shops	321	1.2%	321	100%	321	100%
Manufacturing	197	0.7%	157	80%	197	100%
Metals and Mining	183	0.7%	182	99%	183	100%
Media & Publishing	105	0.4%	96	92%	105	100%
Communication	27	0.1%	27	100%	27	100%
NGOs and Public sector	1	0.0%	1	87%	1	100%
Government sector	-	0.0%	-	100%	-	100%
Total Loans to Customers (Gross)	27,179	100%	19,796	73%	26,406	97%

Processes for managing climate-related and environmental risks in lending

Since 2012, TBC Bank has had a process in place to consider environmental and social risk that aims to mitigate climate change, which was established in line with industry guidelines. TBC Bank has developed E&S risk management procedures to identify, assess, manage, and monitor environmental and social risks that are fully compliant with Georgian environmental legislation, follow international best practices, and incorporate appropriate consideration of IFC Performance Standards, EBRD Performance Requirements (PRs), and ADB's Safeguard Requirements (SRs). These procedures are fully integrated into the credit risk management process and are routinely applied to SMEs and corporate customers. In collaboration with partner IFIs, TBC Bank has developed a clear E&S risk categorisation matrix. Projects that are to be financed are analysed and classified according to E&S risk categories (low, medium, high and A category); where necessary, deep-dive analysis and due diligence are performed.

Starting from 2025, our risk assessment approach includes three components: environmental risk, social risk and climate risk. The risk categories of each component may differ for different business activities. When finalising each transaction's E&S risk category, priority is given to the most important risk component. Additionally, specialised external companies are involved in the detailed E&S risk assessment of Category A projects, such as hydroelectric plants. In 2024, the ESG Profile Methodology for corporate customers was refined further. ESG factors such as climate adaptation, transition to low-carbon activities, implementation of green technologies, diversity and inclusion, and good corporate governance are considered during the assessment, and respective scores are assigned based on expert judgment. The ESG profile consists of four main components:

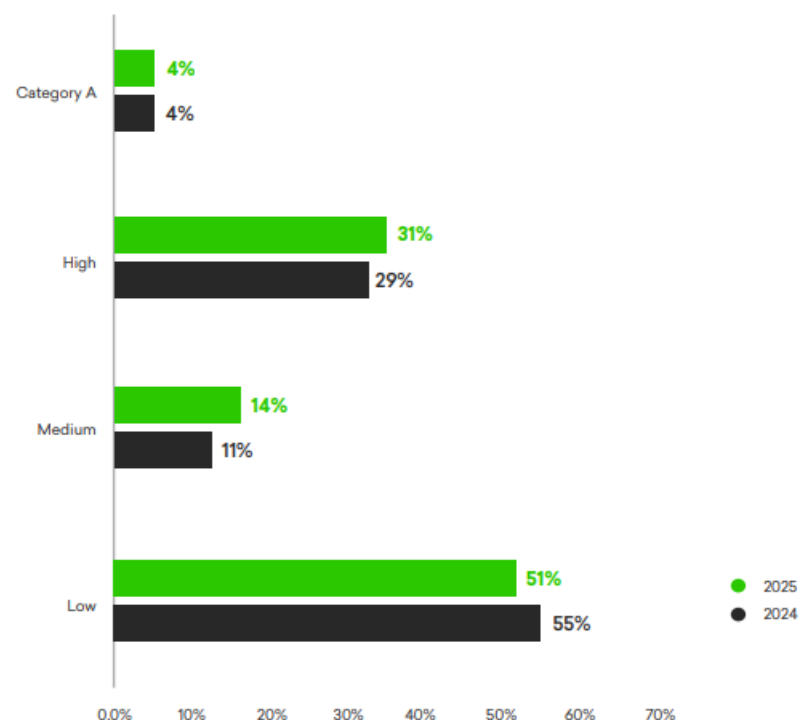
- Climate change – covering physical and transitional risks;
- Environmental – covering environmental and social risks;
- Social – covering diversity, employee benefits and equal/fair pay;
- Governance – covering ESG governance, the Company's disclosures, and diversity at Board and executive management levels.

The results of the assessment will be useful for the development of decarbonisation and transition plans. The ESG Profile Methodology is considered to be at an initial stage and will evolve in the future

as TBC's knowledge and expertise and the local regulatory framework for climate-related topics develop.

The table depicts the business loan portfolio broken down by E&S categories, by loan volumes.

Business gross loan portfolio breakdown by E&S categories (by shares)



Low risk – transactions with minimal or no adverse social, environmental, and/or climate impacts, which are not generally subject to further assessment (beyond their identification as such), except for the requirement for customer's (assent/ certification/disclosure) to/of compliance/non-compliance with local and national environmental, health and safety and labour laws and regulations.

Medium risk – transactions with limited potential for adverse social, environmental, and/or climate impacts that are few in number, generally site-specific, largely reversible, clearly evident at the time of the assessment, and readily addressable through mitigation measures, which typically require a limited or focused environmental and/or social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards.

High risk – transactions with potentially highly significant, negative, and/or long-term environmental, social and/or climate impacts, the magnitude of which may be difficult to determine at the loan application stage. These typically require analysis of environmental and social risks and impacts in the context of the total area of influence of the customer's operations. As part of the risk assessment, the client will identify individuals and groups that may be differentially or disproportionately affected by its operations.

Category A – transactions with potentially significant adverse social, environmental, and/or climate impacts that may be diverse, irreversible, or unprecedented, the assessment of which usually requires inputs from independent external experts and may require the involvement of IFI E&S specialists in the due diligence assessment process.

In addition, we strive to make a positive contribution to the development of private companies and assist them in the proper management of environmental and social risks related to their business

activities. In cases where we identify any non-compliance with local legislative requirements and/or TBC's standards, we develop Environmental and Social

Action Plans (ESAP) for our clients to assist them in enhancing their environmental performance and we closely monitor their implementation.

Other risk categories

Climate risk might impact other, more traditional risk categories for banking such as market risk, operational risk, liquidity risk, and reputational risk. A summary of the assessment is given on the table below. Certain risk factors, which were identified for operational and reputational risks, are already covered under the existing risk management framework.

Banking risk types	Impact from physical risk	Impact from transition risk
Market risk	No material impact expected	No material impact expected
Liquidity risk	No material impact expected	No material impact expected
Operational risk	Extreme events that would cause damage to the Group's own sites could affect its ability to provide services to its clients (e.g., lack of electricity supply, inability for employees to work in premises). No material impact expected	No material impact expected
Reputational risk	No material impact expected	Financing to high-emitting borrowers could affect brand image, as perceived by stakeholders. No material impact expected

Supply chain monitoring

As one of the largest purchasers in the country, we acknowledge and understand the social, economic, and environmental impact of our procurement decisions and operations. To decrease environmental and social risks in the supply chain, we require all suppliers' consent for personal data protection, anti-corruption, environmental, and tax avoidance clauses, which constitute an indispensable part of the contract and are mandatory for implementation.

Since 2019, we have employed an Environmental and Social Risk Management Questionnaire to screen suppliers. The supplier assessment is made on the basis of the responses submitted in the Environmental and Social Risk Management Questionnaire. Following the assessment, each company is given a score of either low, medium, or high. The abovementioned evaluation of suppliers is carried out by the ESG Coordination Department. In case we identify any medium or high-level non-compliance with our E&S standards, the ESG team develops an Environmental and Social Action Plans (ESAPs) for each company and monitors their implementation.

Raising environmental awareness among our employees

We believe that raising environmental awareness among our employees is vital for the effective implementation of EMS and to encourage new eco-friendly ideas and initiatives within the organisation.

For this purpose, we actively run various environmental and climate-related training programmes for different teams including branch employees, risk, credit and business staff. Our annual mandatory trainings include:

- Training in environmental and climate change topics for new employees – 2,031 new employees participated in online trainings in 2025 covering 96% of the target;
- Self-paced Environmental, Social and Climate Risk Management training for credit staff - 570 MSME and Corporate experts, analysts, and risk managers attended trainings in 2025, covering 100% of the target;
- ESRM and Green Lending online training - 404 credit risk staff participated in 11 online training sessions;
- An annual mandatory, self-paced online EMS and climate course for all staff, followed by a self-evaluation test – 8,198 employees including senior management participated in 2025, covering 96% of the target;

- TBC ESG Academy's Green Mindset and Green Financing course for front and back-office staff - 405 employees completed the two-day programme in 2025, and a total of 728 employees have participated since its launch in 2024;
- Training for Green Coordinators - Green coordinators within the MSME segment are appointed and the training was held to improve their capacity to identify green financing opportunities across various sectors and approaches to managing associated risks. 22 business analysts and risk managers attended a one-day session.

In 2025, several trainings were also delivered under the European Investment Bank's TA Programme to strengthen TBC staff's knowledge on a variety of topics:

- IFRS S2 standard requirements, TBC Bank's current level of alignment with the IFRS S2 standard, and the gaps that need further improvement - 13 employees attended training including Operational Risk Management, Enterprise Risk Management, Environmental and Social Risk Management, Financial Operations Management, Macro- Financial Analysis, ESG, and Investor Relations;
- EIB's Green Eligibility Checker: a tool designed to support green loan assessment process - 10 employees participated in the training;
- Green financing opportunities and approaches to managing associated risks - 22 employees from different divisions and business segments including business analysts and risk managers attended a two-day session.

Furthermore, members of the ESG Department successfully completed the following courses:

- Renewables Academy (RENAC) course, earning the GGF Green Finance Expert 2025-2026 certification;
- Fundamentals of Sustainability Accounting of IFRS S1 and S2, which enhanced their ability to integrate sustainability considerations into financial analysis and lead on disclosure practices;
- theoretical and practical training course financed within Proparco's Technical Assistance on the French Development Agency's Taxonomy for climate mitigation and adaptation finance; and
- International Financial Institutions' guidelines for a harmonized approach to GHG accounting.

The ESRM Team also completed the following professional development activities:

- Two-day workshop of ESG Academy - Green Mindset and Green Financing;
- The Environmental Management course offered by the Caucasus Green Academy;
- The World Bank self-paced online course Identifying Environmental & Social Risks and Impacts;
- The World Bank self-paced online course Elements of an Environmental and Social Management System (ESMS);
- The self-paced course Overview of IFC Performance Standard 1; and
- The World Bank self-paced online course Sustainable MSME Finance for Financial Institutions.

EXTERNAL COMMUNICATION

TBC Bank pays significant attention to external communication of E&S matters with existing and potential customers and other stakeholders. The feedback and recommendations received from our stakeholders and other interested parties enable us to continuously improve our E&S performance.

Our grievance mechanism enables any interested party to register complaints with regard to E&S issues via our website www.tbcbank.com.ge. All complaints are thoroughly analysed and addressed in a timely manner.

TBC Bank successfully passed the third-year surveillance audit of the Environmental Management System, ISO 14001:2015. This means that TBC's Environmental System is managed in accordance

with international standards and requirements. The 2025 certification process was completed successfully.

TBC Bank annually discloses its Environmental and Social Performance Annual Report to all its partner International Financial Institutions. The report includes detailed information about Environmental and Social Risk Management in Lending, the distribution of the Bank's business portfolio in terms of environmental and social risk, a breakdown of its sustainable portfolio, respective procedure updates etc.

Since 2019, TBC Bank releases its annual full-scale Sustainability Report, which is prepared in accordance with Global Reporting Initiative (GRI) standards. The Sustainability Report helps the Company to understand its role and influence on sustainable development issues such as climate change, human rights, and social welfare. The report is available at www.tbcbankgroup.com.

4. METRICS AND TARGETS

The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

The metrics related to the Group's own operations

TBC Bank has established a comprehensive internal environmental system to manage and report on the Group's GHG emissions and is committed to reducing its GHG emissions by closely monitoring its consumption of energy, water, and paper. TBC Bank also commissioned Bureau Veritas Georgia LLC, an independent consultant and certification company, to verify the measurements of its GHG emissions in full alignment with ISO 14064 Standard requirements. The company provided a reasonable assurance covering historical data and information.

Below is a summary of TBC Bank's results in terms of Scope 1 and Scope 2 GHG emissions, water and paper consumption, performance against 2025 targets, and targets for 2026.

Total GHG emissions	Actual 2023 (tCO2)	Actual 2024 (tCO2)	Actual 2025 (tCO2eq)	2025 target	2025 result	2026 targets
Scope 1* - Fuel combustion (heating, vehicles, generators)	1,834	1,861	1,850	9%	-1%	-3%
Scope 2 - Electricity consumption	1,352	1,281	1,175	0%	-8%	-13%
Total Scope 1&Scope 2 emissions (tCO2eq)	3,186	3,142	3,018	-2%	-4%	-7%
Total emissions per full time employee (tCO2eq/pp)	0.41	0.38	0.35	n/a	-8%	-7%

* Scope 1: a. 1,079 tCO2eq emissions in tonnes (from combustion of fuel (NG) from owned operation and facilities of TBC) in 2025 compared to 1,188 tCO2 in 2024 and 1,203 tCO2 in 2023. b. 602 tCO2eq emissions in tonnes (from owned vehicles of TBC) in 2025 compared to 515 tCO2 in 2024 and 500 tCO2 in 2023. c. 162 CO2eq emissions in tonnes (from owned generators of TBC) in 2025 compared to 158 tCO2 in 2024 and 132 tCO2 in 2023.

According to the GHG Protocol, companies using renewable electricity must report both location-based and market-based Scope 2 emissions to show the impact of their procurement choices while also reflecting the emissions intensity of the national grid, to which they remain physically connected. In 2025, TBC Bank's market-based Scope 2 emissions amounted to 1,175 tCO2eq (excluding renewable electricity emissions), whereas its location-based Scope 2 emissions totaled 1,524 tCO2eq (treating renewable electricity as having the same emission factor as grid electricity).

Intensity Ratio	2023	2024	2025
Employee (tCO2eq/per employee)	0.41	0.38	0.35
Revenue (tCO2eq/USD)	0.000006	0.000004	0.000003
EBTDA (tCO2eq/USD)	0.000009	0.000006	0.000005
Net profit (tCO2eq/USD)	0.000011	0.000008	0.000006

Operational Intensity Ratio — in accordance with the Streamlined Energy and Carbon Reporting (SECR) framework, we assess operational emissions intensity by calculating Scope 1 and Scope 2 emissions per employee and per unit of revenue and profit.

Scope 1 - In 2025, this indicator decreased by 1% compared to 2024 and remained significantly below the target level of an increase of 9%. The measures implemented by TBC Bank to optimize its Scope 1 emissions are listed on page 73 of the chapter.

Scope 2 – In 2025, Scope 2 (market-based) emissions from electricity consumption decreased by 8%, driven by a higher share of renewable energy consumption in TBC Bank’s operations.

Operational Emission Intensity - As the business continues to grow, using intensity metrics provides a more accurate way to assess operational emissions performance in the context of expanding activities. Emissions per employee and per unit of revenue and net profit have also decreased - indicating improved efficiency and demonstrating that operational intensity continues to decline even as the business scales.

2026 Targets – In 2026, we set Scope 1 and Scope 2 emissions targets aligned with the 1.5°C Paris Agreement pathway, using the Science Based Targets initiative (SBTi) methodology for energy consumption in buildings and fuel use in vehicles.

Resource Consumption

Efficient and sustainable resource use is a priority for TBC Bank and is outlined in the Environmental and Climate Change Policy. The main resources consumed within TBC Bank are water and paper, and we regularly implement various initiatives to enhance resource efficiency and reduce overall consumption.

In 2025, total water consumption reached 59,061m³. Water consumption per employee decreased by 8% compared to the previous year, exceeding our 2025 target significantly to keep the growth in water use below 18%.

Based on the specifications of the company’s activity, a significant share of the materials used is represented by paper usage. TBC strives to decrease its impact through various projects and digitalisation initiatives. Compared to the previous year, paper consumption per person in reams decreased by 18%, significantly surpassing the annual target of a 7% reduction.

Below is a summary of TBC Bank’s resource consumption per employee:

Resource Consumption per employee	Actual 2023	Actual 2024	Actual 2025	2025 target	2025 result	2026 targets
Water consumption per employee (m3/pp)	8.52	7.45	6.89	18%	-8%	-2%
Printing paper per person in reams	13.39	12.03	9.85	-7%	-18%	-5%

Calculation methodology

To calculate the GHG inventory, we took the following steps: we set organisational boundaries, established the operational scope, and developed a structured approach for data collection and the calculation of carbon dioxide (CO₂) equivalent. This report describes all emission sources required under the Companies Act 2006 (Strategic Report and Directors’ Reports) Regulations 2013 (Scope 1 and 2). In preparing emissions data, the UK Government’s Greenhouse Gas Conversion Factors for Company Reporting 2024 and National IPCC emission factors for electricity (tCO₂*/MWhe) were used. The required data was collected, and a report was generated for TBC Bank’s main activities, as follows:

Scope 1 (the combustion of fuel and operation of facilities) includes emissions from the combustion of natural gas, diesel and/or petrol in equipment at TBC’s owned and controlled sites and the combustion of petrol and diesel fuel in TBC Bank-owned transportation vehicles.

Scope 2 (purchased electricity for own use, such as lighting, office appliances, cooling, etc.) includes emissions from the use of electricity at TBC Bank-owned and controlled sites. To calculate emissions, the conversion factor for National IPCC emission factors for electricity (tCO₂*/MWh) was used.

TBC Group reports Scope 2 emissions in accordance with the GHG Protocol, presenting both location-based and market-based figures. The location-based method applies the average national grid emission factor in Georgia: 0.106 tCO₂eq/MWh. The market-based method reflects contractual instruments and renewable energy arrangements used by TBC Bank. It incorporates: On site solar generation owned by TBC, treated as zero emission electricity; and solar generation from leased solar stations.

Operational Intensity Ratio — in accordance with the Streamlined Energy and Carbon Reporting (SECR) framework, we assess operational emissions intensity by calculating Scope 1 and Scope 2 emissions per employee and per unit of revenue and profit.

Scope 3 Emissions

The metrics related to the Bank's indirect impact Materiality Assessment

We have a direct or indirect impact on the environment through our activities. However, in the case of financial institutions, the main source of Greenhouse Gas (GHG) emissions is not the emissions produced within our business processes or their own energy consumption, but GHG emissions produced by other sectors that are financed by us. Based on the materiality threshold of 40%, financed emissions constitute more than 40% of the total GHG emissions (indirect impact) and accordingly, Category 15: Financed Emissions is the only Scope 3 category classified as material within TBC Group's emissions inventory.

Furthermore, we continue to measure other Scope 3 categories that, while not material, remain relevant to our operational footprint, particularly Category 6: Business Travel (business flights), Category 5: Waste Generated in Operations, and Category 7: Employee Commuting. These categories remain relevant to our day-to-day activities and provide a more complete understanding of our overall environmental impact. Seven categories are considered not relevant, as TBC Bank does not cover these activities. The remaining four categories are considered relevant but not material and are not yet incorporated into our Scope 3 emissions inventory.

The table below depicts which of the 15 categories of Scope 3 emissions have been included and which are considered to be immaterial or irrelevant to the business.

#	Scope 3 category	GHG calculation approach
1	Purchased goods and services	Not material
2	Capital goods	Not relevant
3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	Not relevant
4	Upstream transportation and distribution	Not relevant
5	Waste generated in operations	Not material/Included
6	Business travel	Not material/Included
7	Employee commuting	Not material/Included
8	Upstream leased assets	Not material
9	Downstream transportation and distribution	Not material
10	Processing of sold products	Not relevant
11	Use of sold products	Not material
12	End-of-life treatment of sold products	Not relevant
13	Downstream leased assets	Not relevant
14	Franchises	Not relevant
15	Investments	Included (Material)

Financed emissions (Scope 3)

In 2025, we updated the tool for calculating TBC Bank's financed emissions based on the new National Greenhouse Gas Inventory Report of Georgia from 2022 and automated the tool to easily apply updates in the future.

TBC applies GHG emissions calculation methods for different asset classes, which have been developed by the Partnership for Carbon Accounting Financials (PCAF). In total, seven asset classes are considered. The financed emissions by asset class as of December 2025 are presented below:

N.	Asset Type	Financed GHG Emissions GgCO2e/y			
		2023	2024	2025	Difference
	TOTAL	3,166.7	3,443.1	1790.8	-48%
1	Listed equity and corporate bonds	61	66	8	-88%
2	Business loans and unlisted equity	2,857	2,921	1,390	-52%
3	Project finance	-15	-16	-10	---
4	Commercial real estate	2	8	7	-8%
5	Mortgages	30	36	34	-7%
6	Motor vehicle loans	0.9	0.6	0.5	-17%
7	Sovereign debt	230	427	361	-15%

Calculation methodology

- Listed Equity and Corporate Bonds - consists of securities for which verified emissions data are available
- Business loans⁴⁷ - consists of business Loans and unlisted equity asset class
- Project finance - consists of projects for which verified project emissions / reductions data are available
- Retail mortgages - consists of all retail mortgages
- Commercial real estate - consists of all commercial I mortgages
- Corporate bonds - consist of all car loans
- Sovereign debts⁴⁸ - consists of all sovereign papers which are on the balance of the Bank SA.

It should be noted that the data we have used for the calculation of financed emissions is the best available at the current stage, notwithstanding the challenges that exist given the incompleteness and novelty of the data sets and the methodologies required for the Georgian environment, which most of our activities occur. Most of the data are of Score 4 and Score 5 quality. Score 2 or Score 3 quality data are applied to project financing. We expect the availability and reliability of the required data to improve over time, and we intend to integrate improved data into our calculations as it becomes available and reliable.

Based on sector-level emissions of the loan portfolio, we defined six sectors that either generate the highest emissions in our portfolio and/or have a high GHG emissions contribution score according to the NBG Risk Radar. We then assessed our capacity to reduce emissions within these sectors, directly linking this analysis to our green portfolio growth plan. Reducing emissions from financed activities depends on shifting investments toward less carbon-intensive, more energy-efficient projects and activities, thereby supporting a lower-carbon and more sustainable portfolio over time. Table below depicts those sectors with emission reduction targets in 2026.

Sector	GgCO2e/y	Share in total emissions	Carbon contribution Score	2026 Target for GHG Emissions Reduction
Agriculture	488	27%	4	-4%
Manufacturing	407	23%		-4%
Transportation and Storage	112	6%	4	-4%
Accommodation and Food Service Activities	108	6%	1.5	-2%
Construction	47	3%	3.5	-10%
Energy & Utilities	30	2%	4	-10%

⁴⁷ www.nbg.gov.ge - The calculation methodology for business loans was developed by the National Bank of Georgia within the project "Promotion of Rural Finance for Sustainable MSE Development in the South Caucasus and Ukraine", implemented by DSIK and funded by the German Ministry for Economic Cooperation and Development (BMZ).

⁴⁸ The calculation methodologies for the other five asset classes were developed by TBC in cooperation with the consultant company RINA, supported by the Global Climate Partnership Fund. The calculation methodologies consider the PCAF approach.

Other Scope 3 emissions

Category 5: Waste generated

In 2025, we developed methodologies for the calculation of Scope 3 category 5: emissions from waste. The information provided is based on the best data available at the time of reporting and part of the data used is based on estimates. The calculation methodology and underlying assumptions follow the GHG Protocol. Based on employees' work-regime patterns, we calculated the number of days staff are physically present in the office during the year. This allows us to estimate waste generation at the office per year by all employees. Our waste estimation assumes that a single employee generates at least four times less waste in an office setting compared to standard household municipal averages.

Category 6: International flights

In order to calculate the GHG emissions deriving from business trip flights, the detailed route of each trip (including transfers between international flights, where available), the type of flight class (business, and/or economy), and the number of people on each business trip were taken into account. Source of the emission factors and the global warming potential (GWP) rates were used, with reference to the GWP source - www.atmosfair.de

Category 7: Employee commuting

We also developed methodology for the calculation of Scope 3 Category 7: Employee Commuting. The calculation methodology and underlying assumptions follow the GHG Protocol⁴⁹. Using employees' work-regime patterns, we estimated the average number of days staff are physically present in the office. Commuting distances were then assessed by grouping employees based in Tbilisi and in the regions and calculating the average daily distance traveled per employee in each group. We also incorporated the different modes of transport used—walking, bus, metro, and car—by determining their proportional usage (according to Tbilisi and Batumi Transport Policy Documents) and applying transport-specific emission factors. This combined approach enabled a more accurate estimation of employee-commuting CO₂ eq emissions.

#	Scope 3 category	GHG Emissions tCO ₂ eq/y
5	Waste Generated	767
6	Business Travel	1,265
7	Employee Commuting	1,798

The table below presents a change log with all updates that have been made in GHG emissions calculation methodology in the reporting year.

Topics	Previous Approach	2025 Update	Reason / Impact
Scope 1/Scope 2	CO ₂ reported	Added CH ₄ and N ₂ O → reporting full CO ₂ eq	Full alignment with ISO 14064 Standard requirements
Scope 2	2013 national emissions factors (EF) for Georgia	Updated to latest EF values	Reflects most recent grid mix
Scope 2	Market-based emissions reported	Added location-based emissions (alongside with market-based)	Full alignment with GHG Protocol Scope 2 Guidance ⁵⁰
Scope 3	Category 6: Flights and Category 15: Financed Emissions Reported	Added Category 5: Waste Generated and Category 7: Employee Commuting	Broader emissions accounting
Scope 3 Financed Emissions	Data on national asset and loan volume from 2023	Updated Asset and Loan Volume on national level 2025	Up-to-date emissions accounting at portfolio level
Scope 3 Financed Emissions	Sectoral data and EF taken from National GHG Inventory 2017	Updated data and EF Values from the latest National GHG inventory 2022 ⁵¹	Up-to-date emissions accounting

⁴⁹ <https://ghgprotocol.org/>

⁵⁰ <https://ghgprotocol.org/>

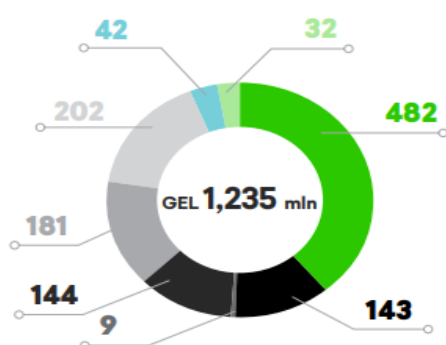
⁵¹ <https://www.undp.org/>

Sustainable portfolio

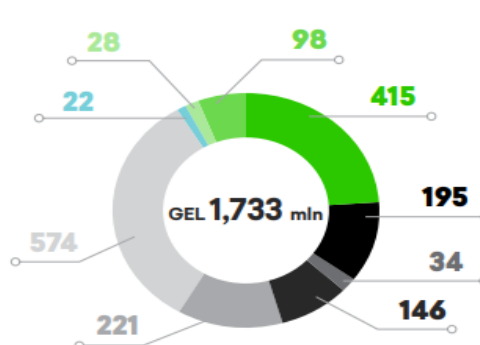
The climate action initiatives are part of TBC's overall ESG strategy, which is reviewed and approved by the Board of Directors annually. The ESG Strategy 2026-2028 reflects the Paris Agreement alignment considerations that were developed in 2024. We evaluated the existing portfolio to understand its carbon footprint and identify areas for improvement. This process enabled us to understand our Paris Agreement alignment and define our way forward, based on the Science Based Initiative's standards. We developed a transition plan which includes divesting from high-carbon assets, investing in green technologies, and engaging with our customers to improve their sustainability practices. We continuously monitor the portfolio's performance against the set goals and regularly report the progress to our stakeholders.

The ESG strategy sets sustainable portfolio volume targets, which consists of renewable energy loans, energy efficiency loans, and financing with social components, etc. As of 31 December 2025, the total sustainable portfolio⁵² stood at GEL 2.29 billion. Within this amount, green loans classified under the NBG Green Taxonomy totaled GEL 449 million, while social loans aligned with the NBG Social Taxonomy amounted to GEL 656 million. The target of the Sustainable Portfolio for 2026 is set at GEL 3.2 billion. The charts below depict the sustainable portfolio development as of 31 December 2025.

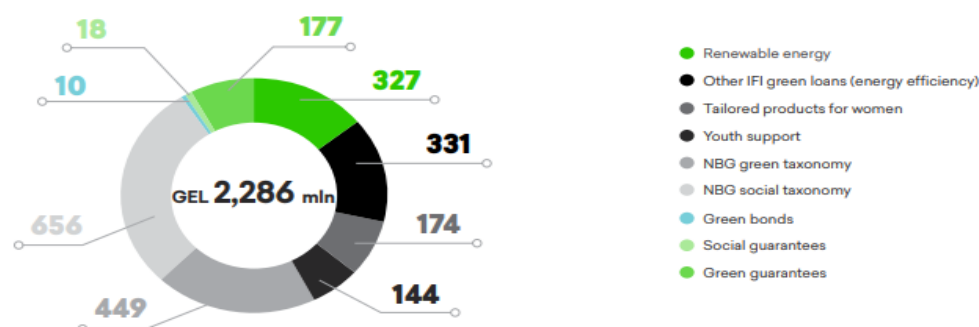
Sustainable portfolio 2023



Sustainable portfolio 2024



Sustainable portfolio 2025



- Renewable energy
- Other IFI green loans (energy efficiency)
- Tailored products for women
- Youth support
- NBG green taxonomy
- NBG social taxonomy
- Green bonds
- Social guarantees
- Green guarantees

⁵² Our sustainable portfolio includes: a) energy efficiency, youth support, and women in business loans financed by special purpose funds received from IFIs; b) loans financing renewable energy, which include all hydro power plants financed by the Bank; c) financing of startup companies and affordable housing which are categorised based on the Social Taxonomy of the National Bank of Georgia (NBG); d) green loans, which are assessed based on criteria defined by the Green Taxonomy of the NBG; e) social guarantees supporting affordable housing projects, which are categorised based on the Social Taxonomy of the NBG (www.nbg.gov.ge); and f) green and sustainability-linked bonds aligned with the ICMA (International Capital Markets Association) Green Bond Principles and Sustainability-linked Bond Principles.

In 2025, the sustainable portfolio increased by GEL 553 million (32%), exceeding the 2025 target of GEL 2 billion by 14.3%. The Sustainable portfolio represents 8.4% of the total portfolio. This Growth was driven primarily by financing for energy-efficient buildings (classified under NBG Green and Other IFI Green Loans), green guarantees supporting renewable energy projects, and social loans issued through various IFI programmes (Tailored Products for Women), as well as loans under state initiatives such as “Produce in Georgia” and the “Preferential Agrocredit” programmes (classified under NBG Social Financing).

In 2025, our renewable energy portfolio impact (avoided GHG emissions) amounted to 588 GgCO₂eq/y, measured based on the PCAF methodology. Since 2022, ESG-related KPIs have been included in the executive management remuneration. Executive management KPIs are linked to the target volumes of the sustainable portfolio and other sustainable assets. For more details, please see the Human Resources and Remuneration Committee Report, page 214.

Women MSME customer data as of 2025

As of 2025, TBC Bank serves 435,079 MSME business customers, covering both SMEs and micro businesses. Out of these, 153,702 are classified as women MSME customers, while 281,377 fall into the non-women MSME category.

According to the NBG definition, female entrepreneur is: a) a female entrepreneur registered as an individual entrepreneur; b) an enterprise (legal entity) in which 50 percent or more of the shares/shares are owned by one or more women; as well as c) an enterprise (legal entity) in which the person authorized to manage the business is a woman and/or d) in which 50 percent or more of the members of the management body/supervisory board are women.

MSME loan category	Number of MSME loan approvals	Share in total MSME loan approvals (number)	MSME loan category	Value of MSME loan approvals	Share in total MSME loan approvals (value)	MSME deposit category	Value of MSME Business Deposits	Share in total Business Deposits	MSME financial products category	Number MSME financial products	Share in total financial products
Number of women SME loan approvals	1,464	23%	Value of women SME loan approvals	968,376,882	15%	Value of women-led SME deposits	929,412,995	13%	Number of women SME financial products	1	50%
Number of women loan approvals in	72,439	42%	Value of women loan approvals in	705,075,009	30%	Value of women-led deposits in	423,532,929	34%	Number of women financial products	2	50%
Number of women MSME loan approvals [total]	73,903	41%	Value of women MSME loan approvals [total]	1,673,451,891	19%	Value of women-led MSME deposits [total]	1,352,945,924	17%	Number of women MSME financial products [total]	2	50%

Specific efforts for indirect mitigation and adaptation through client engagement

Client engagement is a cornerstone of TBC’s approach to expanding green finance, advancing its transition plan, and supporting the country’s sustainable economic development. Through various initiatives, we aim to raise awareness, build client capacity, and promote climate action. A flagship effort is the ESG Academy - Georgia’s first dedicated ESG education platform—through which 204 clients were trained under the “Green Mindset and Green Business” programme as of December 2025, helping businesses integrate sustainability, better manage climate risks, and access green financing more easily.

In the coming years, with support from DEG and ADB through technical assistance programmes, we will further expand engagement channels by offering structured trainings, advisory sessions, and follow-up consultations on energy efficiency (EE), renewable energy (RE), and climate-smart technologies. One of the priorities will be the agricultural sector, which is highly exposed to climate risks; trainings will promote climate-smart solutions, risk-mitigation practices, and practical applications for farmers and agribusinesses.

We also plan to improve data quality and climate-related reporting by developing tools to help clients estimate basic CO₂ emissions and strengthen TBC’s verification and reporting capabilities. As in-house expertise grows, TBC will increasingly provide direct advisory on climate-risk exposure, GHG calculation, and transition-planning support, complemented by sector-specific guidelines and enhanced staff capacity

9. Remuneration Policy for Top Management and Non-executive members of the Supervisory Board

Board of Directors of TBC Bank Group PLC, based on the recommendation of the Human Resources and Remuneration Committee, approves the remuneration and benefits of the Group CEO deputy CEOs of the Bank, including the fees of the Supervisory Board members of the Bank and recommends the same for the shareholders' approval. Remuneration of Bank's employees are approved by the heads of respective departments with the agreement of respective Deputy CEO in charge and HR business partner.

The Directors' Remuneration Policy is effective from 1 January 2024 and is approved for next 3 years. Full details of this can be found in the 2023 Annual Report, which is available at our website at www.tbcbankgroup.com and below.

Directors Remuneration Policy (the "Policy") of TBC Bank Group PLC applies to the Group CEO (the same principles are applied to Deputy CEO's of the Bank) Policy was approved by the shareholders of TBC Bank Group PLC at the 21 May 2024 AGM, effective 1 January 2024.

Policy table: Top Management (hereinafter 'Director')

The total remuneration level and structure for all Directors are aligned with that of the CEO, with the sole exception of the Chief Risk Officer (CRO). For the CRO, the allocation between fixed and variable compensation differs from other deputies, in accordance with NBS guidance, which stipulates that the CRO's remuneration should not be excessively dependent on variable pay. Additionally, for the CEO, the share salary component must constitute at least 50% of total fixed remuneration, whereas no specific requirement applies to the share salary proportion in fixed pay for CEO Deputies.

Fixed Pay	
Salary – delivered as cash and shares	
Purposes and link to the strategy of the Group	Salaries are determined to provide CEO and Deputy CEOs with a competitive fixed income to efficiently retain and reward them and are based upon each Director's roles and responsibilities within the Group and relative skills and experience and are set based on market practice. Salary in cash The cash part of the salary is aimed to provide fixed cash remuneration. Salary in shares Part of the salary is delivered in the form of shares to align CEO and Deputy CEOs' and shareholders' interest. These are subject to a holding period released in three equal annual tranches after one, two and three years (not subject to any continuing service requirements malus or clawback).
Operation	CEO and Deputy CEOs may be paid separate salaries for roles and responsibilities at different entities within the TBC Group as set out in a separate service contract with any relevant entity. The aggregate is disclosed in the Remuneration Report. Salaries are reviewed annually by the Human Resources and Remuneration Committee. Delivery of shares Shares are usually delivered during the first quarter of the second year (i.e., the year after the work is performed) with the exact date determined by the Remuneration Committee. The number of shares is calculated based on the average share price over the year worked. All shares must be held for one year, two thirds for a second year and one third for a third year. The Committee has discretion to determine alternative holding periods should they consider this appropriate. The shares are registered in the trustees' name as nominee for the participants. An Executive Director is entitled to receive dividends and have voting rights from the delivery date.
Maximum Opportunity	Salary is set and reviewed annually to ensure that the Directors receive a fair compensation which is competitive for the role the individual is asked to play within the Group and is commensurate with experience. Salary for the Executive Director is determined by the Human Resources and Remuneration Committee, taking account his skills, performance and experience.
Performance Measures	Not performance based
Malus / clawback	Malus and clawback provisions are not applicable to salary delivered in cash or shares.
Pension	
Purposes and link to the strategy of the Group	To assist our employees in providing for their retirement and to maintain a market competitive benefits package to attract and retain executives. .
Operation	The Georgian government has a mandatory pension scheme, under this scheme 2% of total employee compensation is to be contributed to a national pension fund. ⁵³

⁵³ At the time of the pension reform in 2019, in line with the transitional provisions of the Law on Pensions of Georgia, individuals above certain age were given a one-time opportunity to opt out of the pension scheme and the eligible members of the Bank's top management decided to opt out from the Georgian state pension scheme.

Maximum Opportunity	In line with the workforce, the maximum employer contribution will not exceed 2% of total compensation.
Performance Measures	No performance measures apply to the contribution level.
Malus / clawback	Malus and clawback provisions are not applicable.
Benefits	
Purposes and link to the strategy of the Group	Benefits are in line with Georgian market practice and are designed to be sufficient to attract and retain high calibre talent.
Operation	Benefits available to executive directors consist of insurance (such as medical, life and disability insurance), physical examinations, Directors' and officers' liability insurance, a car service, personal security arrangements and assistance with filling out tax returns, where required. The Human Resources and Remuneration Committee retains the discretion to provide additional benefits, where necessary or relevant in the context of the Director's location. Executive Directors are reimbursed for reasonable business expenses incurred in the course of carrying out duties under their service contracts, on provision of valid receipts.
Performance Measures	Not performance based
Malus / clawback	Malus and clawback provisions are not applicable.

Variable Pay	
Combined Incentive Plan ("CIP")	
Purposes and link to the strategy of the Group	The CIP has been designed to (i) be attractive and appropriately positioned against the market; (ii) be aligned with performance and shareholders; (iii) be transparent and easily understood; and (iv) takes into account best practice and meet regulatory requirements. It provides a strong motivational tool to achieve the annual KPIs which are set in accordance with the strategic objectives, with the payment in shares delivered over the long-term, and subject to the TSR alignment mechanism, providing alignment with sustained shareholder success.
Operation	There will be a three-step performance assessment process for the CEO and Deputy CEOs <u>Performance Step One – Performance Gateway</u> Eligibility for payments under the Combined Incentive Plan is subject to passing gateway criteria, measured over the Annual KPI Performance Period. The Gateway criteria are based on measures of financial soundness (including capital, liquidity and profitability). <u>Performance Step Two - Annual KPI performance scorecard</u> KPIs will be set at the beginning of each year in relation to that year. The majority of the weighting will be based on Financial KPIs but other KPIs will also cover Customer, ESG and Leadership. Targets for each KPI will, where possible, be set with a threshold, target and maximum level with, pro-rata payouts between points. Each KPI will be assessed independently. At the end of the annual KPI performance period, the Committee will review the performance against the targets and agree the overall payout level. The formulaic level may be adjusted if it is not considered in line with underlying performance, the shareholder experience, or risk appetite. <u>Payout process</u> Based on the performance against the Annual KPI targets, the Committee will determine an overall payout percentage between 0% and 200% of salary. The payout is split between: – A "Share Award" – 40% of the total will be paid in shares which must be held for at least three years (subject to 3-year clawback) – A "Long-Term Share Award" – 60% of the total will be granted as a deferred award of shares which will vest after five years. (subject to malus and 3-year clawback) <u>Performance Step Three - TSR shareholder alignment mechanism</u> The grant value of a Long-Term Award has been determined by the stringent performance assessment in Performance Step 1 and Performance Step 2. At Performance Step 3, the number of shares comprising a Long Term Share Award may be scaled back by up to 50% if TBC's Total Shareholder Return ("TSR") is not at least in line with a weighted TSR index created by the Euro Stoxx 600 Banks (50% weighting) and Bank of Georgia (50% weighting). If TBC's TSR performance is less than the TSR of the Weighted Index, a Long-Term award will be scaled back proportionately from 100% to 50% if TBC's TSR is between 100% to 77.5% or below, the performance of the weighted index. TSR performance will be measured over the annual performance period for Performance Step 2 and the following two years. The Committee may use a different TSR benchmark or different measure of long term performance for future awards for Performance Step 3. The Human Resources and Remuneration Committee also has the discretion, any time after the Long-Term Share Award has been granted, to reduce (including to zero) an award if the Human Resources and Remuneration Committee considers that either the underlying financial performance of the Company or the performance of the individual is such that the level of vesting cannot be justified. <u>Form of awards</u> A Share Award and LongTerm Share Award are delivered in shares or share awards with the number

	of shares typically calculated based on the average share price during the 10 days after the Human Resources and Remuneration Committee decision date, which shall be after the preliminary annual results. The Share Award is delivered in shares which are registered in the trustees' name as the nominee for the participants and the participants are entitled to receive dividends. The Long-Term Share Award may be granted in the form of conditional share awards, options or restricted share awards. To the extent permitted by the NBG regulations the Committee may decide that Awards may benefit from dividend equivalents at vesting or may use a discounted share price to determine the number of shares comprising an Award after Performance Step 2, broadly equivalent to the dividend yield on such basis as determined by the Committee. No dividends or dividend equivalents will be paid on any Award (or part therefore) that lapses on or before vesting. <u>Dilution</u> For newly issued and treasury shares, the CIP is limited to using 10% in 10 years for employee plans and 5% in 10 years for discretionary plans. These limits will exclude shares under awards that have been renounced, forfeited, released, lapsed or cancelled or awards that were granted prior to the Company's IPO or awards that the Human Resources and Remuneration Committee decide will be satisfied by existing shares. <u>Administration</u> The plan will be administered by the Human Resources and Remuneration Committee. Key discretions the Human Resources and Remuneration Committee has with respect to the plan are summarised further on in this Remuneration Policy.
Maximum Opportunity	The Maximum opportunity under the Combined Incentive Plan is 200% of salary. Subject to achieving the Gateway criteria, under the annual KPI assessment: – For achieving maximum performance, 100% of the maximum opportunity being payable – For achieving Target performance, no more than 70% of the maximum opportunity being payable – For Threshold performance, no more than 10% of the maximum opportunity is payable. The vesting of the Long-Term Share Award is subject to the TSR alignment mechanism whereby the vesting may be scaled back by up to 50%.
Performance Measures	The Gateway criteria are based on measures of financial soundness (capital, liquidity, profitability). The Annual KPIs are a mixture of corporate and individual performance measures. The majority of the weighting will be based on Financial KPIs but other KPIs will also cover Customer, ESG and Leadership. The Human Resources and Remuneration Committee may also adjust KPIs during the year to take account of material events, such as (without limitation): material corporate events, changes in responsibilities of an individual and/or currency exchange rates. The TSR alignment mechanism will be based on performance against a relevant Georgian and / or international banking comparators.
Malus / clawback	Awards are subject to the operation of malus at any time before the end of the vesting period (Long-Term Share Award) and clawback at any time before the third anniversary of the end of the holding period (for the Share Award). The precise powers of the Human Resources and Remuneration Committee to operate malus and clawback are set out in the terms and conditions governing the awards.

The remuneration policy was last approved by shareholders of TBC Bank Group PLC at Annual General Meeting (AGM) on 21 May 2024, along with the new 1:2 fixed to variable remuneration cap for the CEO of the Parent Company and the Bank and the management board members of the Bank.

The following gateway KPIs were met as at the end of 2025, confirming the Directors eligibility for variable award pay outs:

- **CET1 ratio:** The lower end of the amber zone of the Risk Appetite Framework (RAF) at 31 December each year as approved by the Risk Committee;
- **Liquidity (NSFR ratio):** Red zone limit (lower end of Amber zone) of the RAF at 31 December each year as approved by the Risk Committee. This is currently 3pps above the regulatory ratio per the existing risk appetite;
- **Profitability (IFRS Group Net Income):** The Group shall not run a loss after incurring Variable Compensation expenses.

As shown in the next table, the status against the gateway was above the respective targets as at the end of 2025:

2025		
CET 1 ratio	CET 1 Reg Requirement	14.75%
	Red zone limit (lower end of Amber zone)	15.35%
	Actual CET1 Capital Ratio	16.63%
NSFR	NSFR Reg Requirement	100.0%
	Red zone limit (lower end of Amber zone)	103.0%
	Actual NSFR	123.71%
(IFRS Group Profit)	Group IFRS Profit in FY 2025	GEL 1.420 billion
	Top Management Variable Comp in 2025 at grant gateway target	GEL 17.2 million

Policy table: Non-Executive Directors

In the same way as the executives, the Non-Executive Directors receive their compensation both from the Company and the main subsidiary, JSC TBC Bank, proportionate to the time spent working on the respective entity's Boards and committees.

Fees	
Purposes and link to the strategy of the Group	To provide appropriate compensation for a Non-Executive Directors of the Group, sufficient to attract, retain and motivate high calibre individuals with the relevant skills, knowledge and experience to further the Group's strategy.
Operation	The Group pays fees to Non-Executive Directors. The fees are determined by the Board. The Chair is paid an all-inclusive fee for all Board responsibilities. The other Non-Executive Directors receive a basic Board fee, with additional fees for additional responsibilities such as where individuals serve as the Senior Independent Director, member or Chair of a Committee of the Board. Fees are generally paid monthly in cash. However, the Board reserves the right to pay the fees on a different basis.
Maximum Opportunity	The Board (excluding any Executive Directors) will review the amount of each component of fees periodically to assess whether, individually and in aggregate, they remain competitive and appropriate in light of changes in roles, responsibilities and/or time commitment of the Non-Executive Directors, and to ensure that individuals of the appropriate calibre are retained or appointed. Current fee levels are set out in the Annual Report of Remuneration. The maximum aggregate fees that may be paid to the Non- Executive Directors under article 81 of the Company's articles of association shall be USD 2,500,000.
Performance Measures	Not performance based
Malus / clawback	Malus and clawback provisions are not applicable.
Benefits and Expenses	
Purposes and link to the strategy of the Group	To compensate Non-Executive Directors for expenses incurred in connection with the performance of their Non-Executive Directors duties and to ensure the Group has the appropriate Non-Executive Directors input as and when required.
Operation	The Group may reimburse Non-Executive Directors for their expenses incurred in connection with the performance of their duties including attending Board and committee meetings (such as, for example, travel, accommodation, other subsistence expenses and personal security arrangements), Board/committee dinners and functions, Board training sessions, Director's and officers' liability insurance, advice in respect of professional duties and corporate hospitality events (or the Group may pay such expenses directly).
Maximum Opportunity	The maximum amount payable depends on the cost of providing such expenses in the location at which the Non-Executive Director is based. Shareholders should note that the cost of providing comparable expenses in different jurisdictions may vary widely.
Performance measure	Not performance based
Malus / clawback	Malus and clawback provisions are not applicable

Material Risk Takers (MRT)

Material risk takers are individuals who have a material impact on the Bank's risk profile. In line with the requirements of the National Bank of Georgia Corporate Governance Code for the Commercial Banks, the below listed functions (individuals) represent MRTs:

- The Supervisory Board members;
- Members of the Management Board of the Bank (Executive Directors);
- Any other positions the Bank considers having a significant influence on the Bank's risk profile in line with the requirements and criteria set by the National Bank of Georgia in respective regulations.

Excluding Executive Directors and the Supervisory Board members of the Bank, based on the instructions of National Bank of Georgia, there were 69 identified MRTs as of December 2025. Only 4 employee received remuneration exceeding GEL 1 million during the year, except for Directors. The remuneration figures include total fixed and variable remuneration and other related payments.

Middle Management, Other Material Risk Takers (MRTs Except Directors and Supervisory Board) and Other Employee Remuneration

The remuneration of the Other Material Risk Takers (the "MRTs"), as well as Executive Directors and the Supervisory Board of the Bank are subject to the National Bank of Georgia Corporate Governance Code for the Commercial Banks (the "NBG CG Code").

Middle management across the Bank, also other employees, receive their entire salary in cash and are also eligible for cash and/or share bonus variable compensation. Generally, Deferred Share Plan awards are subject to 3 years holding period and continued employment condition and malus and clawback provisions. These conditions are lifted as follows: 33% of the share award on the first anniversary from the award date, a further 33%, on the second anniversary from award date and the final 34% of the on the third anniversary from the award date. Before those conditions are met, the awarded shares cannot be sold or transferred to third parties. Variable part of middle management remuneration is linked to the annual KPI's performance. The deferral structure acts as a component to retain key talent.

In addition, Other MRT employees (except Executive Directors and Supervisory Board) variable remuneration structure is subject to additional regulatory requirements:

1. In line with NBG CG Code, 40% of annual variable remuneration of the MRTs (or at least 60% of it, provided annual variable remuneration exceeds 100% of the annual salary and/or exceeds 500,000 GEL) shall be deferred for 3 years;
2. a ratio of fixed to variable pay of MRTs shall be set at a maximum of 1:1 (which can be increased by TBC PLC Board Directors, in its capacity as a Bank's shareholder, to 1:2);
3. Maximum 50% of the deferred variable remuneration and maximum 50% of non-deferred part of the variable remuneration can be paid in cash and the remaining part shall be paid in shares;
4. From 1st January 2022, the deferred part of variable remuneration is paid fully in shares.

All other employees within the Bank receive cash salaries and may be eligible to receive cash or share bonuses, based on their roles. The CEO and Director and employee pay is reviewed based on role and experience and determined through the application of appropriate market data, as well as internal and external relativities.

The Control functions' remuneration is designed to:

1. ensure effectiveness and independence of decision-making process without being influenced by business lines;
2. prevent conflict of interest, including compromising independence of control function employees;
3. ensure that variable remuneration of the control function employees, does not depend on the achievement of certain financial results of those business lines the control function employees are required to monitor and check.

Remuneration Plan and Structure

The Bank's Remuneration Policy is based on the principle of fairness for all employee categories. Each year, the Human Capital Department monitors the implementation of this policy across all departments, with each colleague evaluated based on their achievements and contributions to the Bank's strategic and business objectives. Performance of middle managers is also regularly assessed using a 360-degree methodology, collecting feedback from peers, subordinates, and supervisors. The policy enables high-performing employees to receive increased compensation through variable remuneration, where applicable.

Considering Risks in the Bank's Remuneration System

The Bank's remuneration policies and procedures are designed to balance business objectives, talent attraction and retention, and the desired risk profile. Variable remuneration acts as a performance-based incentive, aligning employee rewards with expected behaviors and outcomes while reflecting specific performance criteria at both the business unit and individual levels.

The system ensures that employees in control functions—such as risk management, compliance, and internal audit—are evaluated and compensated independently of the business results of the units they oversee. Their assessment focuses on the effectiveness and quality of their performance. The Bank's remuneration framework is fully aligned with its risk management strategy and incorporates a variable component that addresses the Bank's key risks, including credit, operational, financial (liquidity and market), regulatory, and compliance risks (detailed in the Key Risks chapter).

Variable remuneration is structured around both quantitative and qualitative evaluations. It is determined at the start of each year and allocated individually based on the activities and functions of each structural unit. The quantitative and qualitative targets for each area are aligned with the Bank's strategy and risk appetite, supporting the achievement of overall organizational objectives. These targets apply to both risk management staff and business line employees. Performance measures are set with appropriately challenging targets based on the Bank's strategy and sustainability goals, encompassing corporate financial KPIs, corporate non-financial KPIs, and individual performance indicators.

Executive and Non-executive Director (jointly referred as "Directors" below) Remuneration of TBC Bank Group Plc

The current remuneration policy, which came into force from 1 January 2024 and was approved by the Company's shareholders at the 2024 AGM, is presented in TBC Bank Group Plc's annual report 2023

10. Transactions with shareholders

Below is the revenue received for 2025 by shareholders or beneficiary owners who hold 2% or more interest in the Bank:

In thousands of GEL

Name of shareholder/beneficiary owner	Interest received on deposits	Interest received on loans
TBC Bank Group PLC	5,653	-
IFC	-	25,893
Mamuka Khazaradze	2	-
Badri Japaridze	42	-

11. Definition of Terms

- AGM – Annual General Meeting
- ALCO – Assets and Liabilities Committee
- Bank – JSC TBC Bank
- CEE – Central and Eastern Europe
- CEO – Chief Executive Officer
- CFO – Chief Financial Officer
- CRO – Chief Risk Officer
- CIO – Chief Information Officer
- CGN – Corporate Governance and Nomination Committee
- CIB - Corporate investment banking
- CIS - The Commonwealth of Independent States
- EBRD – European Bank for Reconstruction and Development
- EMEA – Europe, Middle East and Africa
- ERM – Enterprise Risk Management
- ESRM - Environmental and social risk management
- FDI - Foreign direct investment
- GDP - Gross domestic product
- GEL - Georgian lari, national currency of Georgia
- GHG - Greenhouse gas
- HR - Human resources
- IFC - International Finance Corporation
- IFI - International Financial Institution
- IFRS – International Financial Reporting Standards
- IMF - International Monetary Fund
- IPCC - Intergovernmental Panel on Climate Change
- IPO - Initial public offering
- IT - Information technology
- JSC - Joint stock company
- KPI - Key performance indicators
- LSE - London Stock Exchange
- MBA - Master of Business Administration
- MRT – Material risk taker
- MSME – Micro, small and medium sized enterprises
- NBG – National Bank of Georgia
- NIM - Net interest margin
- PLC - Public limited company
- SME – Small and medium sized enterprises
- UK - United Kingdom of Great Britain and Northern Ireland
- US\$ - The US dollar, national currency of the United States



THANK YOU



TBC