

JSC MICROBANK CRYSTAL

PILLAR 3 ANNUAL REPORT

2025

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1. INTRODUCTION

1.1 BASIS OF PREPARATION

Pillar 3 Annual Report (hereinafter the 'Report') discloses quantitative and qualitative information of JSC Microbank Crystal (hereinafter 'Crystal' or the 'Microbank') in accordance with the order N110/04 (hereinafter the 'Order') of the National Bank of Georgia (hereinafter the 'NBG') „The Rule for Disclosure of Information by Microbanks within the Framework of Pillar 3“.

The Report includes information on capital adequacy, corporate governance and risk management. The purpose of the Report is to increase transparency and build trust on the market with the risks faced by the Microbank and its regulatory capital adequacy.

The information disclosed in the Report related to the capital adequacy and remuneration is in accordance with the Pillar 3 framework of Basel III, established by The Basel Committee on Banking Supervision. Basel III is aligned to the Capital Requirements Regulation (CRR) regulation N575/2013 of the European Parliament and the Council, which sets **three Pillars**: Pillar 1 – Minimum capital requirements; Pillar 2 – Internal capital adequacy assessment process and supervisory review; and Pillar 3 – Rule for disclosure of information.

The Report is prepared in full compliance with the internal control procedures agreed with the Supervisory Board. The Report is approved by the Board of Directors and the Risk Management Committee. The Board of Directors verifies the accuracy and the reliability of the data and information disclosed in the Report.

Per the NBG regulations, a microbank is not required to have audited information disclosed in Pillar 3 report, therefore, the Report is not audited by external auditor.

The Report includes quantitative and qualitative information as of 31 December 2025 from the following templates of the NBG: 1. Pillar 3 quarterly reporting template; 2. Pillar 3 annual reporting template; and 3. Environmental, Social and Governance (ESG) reporting and disclosure template. While reconciling quantitative information, minor differences may occur due to rounding of numbers. Figures in the tables of the Report is given in GEL.

For the Pillar 3 Annual Report 2025 purposes, information on comparative period is not presented, since as of 31 December 2024 Crystal did not have microbank license and respective requirements.

The Report is submitted to the National Bank of Georgia and published both on Crystal's and the NBG's websites.

1.2 ABOUT CRYSTAL

JSC Microbank Crystal is the financial institutions operating in Georgia, distinguished by its dynamic growth and continuous development. On February 12, 2025, Crystal was granted a microbank license by the National Bank of Georgia (the 'NBG'). Notably, within just four months of obtaining the license, Crystal successfully launched full banking operations and introduced new products.

Crystal entered this new phase with nearly 28 years of experience and a strong, well-established market reputation. As of 2025, the Microbank manages a loan portfolio up to GEL 566 million, employs more than 1,000 staff across 48 branches (including head offices), and serves around 100,000 unique customers nationwide.

This strategic milestone has driven significant progress. Crystal's portfolio has expanded, and its range of products and services has become increasingly diversified.

Following the successful acquisition of the microbank license and the commencement of operations, Crystal has continued to broaden its network of financial partners. The Microbank now collaborates closely with more than 20 reputable international and local partners—including microfinance investment vehicles (MIVs), international financial institutions (IFIs), development finance institutions (DFIs), and commercial banks operating in Georgia—enabling Crystal not only to sustain its growth but also to contribute meaningfully to the development of Georgian businesses. In the past, Crystal also issued bonds to support its business operations.

Crystal is owned by a group comprised of institutional and individual shareholders that bring strong financial backing and corporate governance. Crystal has two institutional investors owning 58.8% (AGRIF COOPERATIEF U.A. and DWM Funds S.C.A-SICAV SIF), individual shareholders, including sub-groups of key/active managers, co-founders, who do not take active part in the entity's management, and minority shareholders.

Since 2017, Crystal has been rated by Fitch Ratings. In 2025, the reputable international credit rating agency SCOPE Ratings assigned Crystal a credit rating of **B+/Stable**. This rating reflects Crystal's strong profitability, successful transformation, sound asset quality, and stable liquidity position, underpinned by robust management and the ongoing support of leading institutional shareholders.

1.3 KEY RATIOS AND FINANCIAL STATEMENTS

The information given in the table starts from Q2-2025, the first period required to disclose information in scope of Pillar by the regulator.

N	Key Ratios (calculated according to the IFRSs)	4Q-2025	3Q-2025	2Q-2025
	Regulatory capital (amounts, GEL)			
	<i>Based on Basel III framework</i>			
1	CET1 capital	98,551,398	100,251,681	96,736,791
2	Tier 1 capital	98,551,398	100,251,681	96,736,791
3	Regulatory capital	125,603,274	120,022,041	118,094,603
4	CET1 capital total requirement	70,510,830	65,240,220	65,286,875
5	Tier 1 capital total requirement	84,382,889	77,542,813	77,671,112
6	Regulatory capital total requirement	102,808,774	93,894,361	94,131,175
	Total Risk Weighted Assets (amounts, GEL)			
7	Total Risk Weighted Assets (Total RWA) (Based on Basel III framework)	658,067,333	622,916,102	627,049,985
	Capital Adequacy Ratios			
	<i>Based on Basel III framework</i>			
8	CET1 capital	14.98%	16.09%	15.43%
9	Tier 1 capital	14.98%	16.09%	15.43%
10	Regulatory capital	19.09%	19.27%	18.83%
11	CET1 capital total requirement	10.71%	10.47%	10.41%
12	Tier 1 capital total requirement	12.82%	12.45%	12.39%
13	Regulatory capital total requirement	15.62%	15.07%	15.01%
	Profitability			
15	Total Interest Income / Average Annual Assets	27.06%	27.42%	27.49%
16	Total Interest Expense / Average Annual Assets	8.27%	8.20%	8.18%
17	Earnings from Operations / Average Annual Assets	6.66%	8.92%	8.64%
18	Net Interest Margin	18.79%	19.22%	19.32%
19	Return on Average Assets (ROAA)	2.16%	2.63%	2.62%
20	Return on Average Equity (ROAE)	13.26%	16.18%	15.99%
	Asset Quality			
21	Non-Performed Loans / Total Loans	3.51%	3.53%	3.20%
22	ECL/Total Loans	3.64%	3.16%	3.01%
24	FX Assets/Total Assets	4.26%	2.75%	2.37%
25	Loan Growth-YTD	10.58%	8.30%	7.68%
	Liquidity			
26	Liquid Assets/Total Assets	8.58%	9.84%	6.07%
27	FX Liabilities/Total Liabilities	55.16%	52.94%	53.25%
28	Current & Demand Deposits/Total Assets	1.60%	1.61%	1.31%
	Liquidity Coverage Ratio*			
29	Total HQLA	44,512,331	53,887,412	25,789,729
30	Net cash outflow	2,623,699	9,224,867	2,106,809
31	LCR ratio (%)	1696.55%	584.15%	1224.11%
	Net Stable Funding Ratio			
32	Available stable funding	471,127,509	453,432,267	424,894,296
33	Required stable funding	418,779,543	407,006,349	400,879,897
34	Net stable funding ratio (%)	112.50%	111.41%	105.99%

*LCR calculated according to NBG's methodology which is more focused on local risks than Basel framework. Microbanks are required to comply with the limits by coefficients calculated according to NBG's methodology. The numbers calculated within Basel framework are given for illustrative purposes in chapter #13.

Statement of Financial Position	Reporting Period		
	GEL	FX	Total
ASSETS			
Cash, Cash balances with National Bank of Georgia and other banks	29,661,997	27,839,564	57,501,561
Cash on hand	12,513,916	17,003,434	29,517,349
Casha balances with National bank of Georgia	16,374,130	-	16,374,130
Cash balances with other banks	773,951	10,836,131	11,610,082
Financial assets at amortized cost	568,036,434	21,358	568,057,792
Debt securities	-	-	-
Loans and advances	568,036,434	21,358	568,057,792
Investments in subsidiaries, joint ventures and associates	609,791	-	609,791
Tangible assets	22,672,753	-	22,672,753
Property, Plant and Equipment	22,672,753	-	22,672,753
Investment property	-	-	-
Intangible assets	7,511,206	-	7,511,206
Goodwill	-	-	-
Other intangible assets	7,511,206	-	7,511,206
Tax assets	4,221,870	-	4,221,870
Current tax assets	3,827,004	-	3,827,004
Deferred tax assets	394,866	-	394,866
Other assets	9,183,981	730,907	9,914,888
of which: repossessed collateral	3,206,755	-	3,206,755
of which: dividends receivable	-	-	-
TOTAL ASSETS	641,898,031	28,591,830	670,489,861
LIABILITIES			
Financial liabilities designated at fair value through profit or loss	12,802,165	-	12,802,165
Financial liabilities measured at amortized cost	237,730,568	256,145,914	493,876,482
Deposits	22,130,629	10,966,303	33,096,932
Borrowings	168,019,442	226,759,661	394,779,103
Debt securities issued	41,376,158	18,326,900	59,703,058
Other financial liabilities	6,204,339	93,049	6,297,388
Provisions	510,816	-	510,816
Tax liabilities	-	-	-
Current tax liabilities	-	-	-
Deferred tax liabilities	-	-	-
Subordinated liabilities	-	40,802,676	40,802,676
Other liabilities	1,791,563	14,033,764	15,825,327
of which: dividends payable	-	64,450	64,450
TOTAL LIABILITIES	252,835,112	310,982,354	563,817,466
Equity			
Ordinary share	3,634,576	-	3,634,576
Preference share	-	-	-
Share premium	22,109,970	-	22,109,970
Retained earnings	80,927,848	-	80,927,848
TOTAL EQUITY	106,672,394	-	106,672,394
TOTAL EQUITY AND TOTAL LIABILITIES	359,507,506	310,982,354	670,489,861

Statement of profit or loss	Reporting Period		
	GEL	FX	Total
Interest income	168,656,144	113,599	168,769,743
Financial assets at amortized cost	168,656,144	113,599	168,769,743
(Interest expenses)	(30,000,782)	(21,581,197)	(51,581,980)
(Financial liabilities measured at amortized cost)	(29,735,241)	(20,803,845)	(50,539,086)
(Other liabilities)	(265,541)	(777,353)	(1,042,893)
Dividend income	-	-	-
Fee and commission income	1,955,308	286,699	2,242,007
(Fee and commission expenses)	(180,521)	-	(180,521)
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	(14,506,995)	-	(14,506,995)
Exchange differences [gain or (-) loss], net	6,496,263	-	6,496,263
Gains or (-) losses on derecognition of non-financial assets, net	(499,704)	-	(499,704)
Other operating income	18,408,939	460,480	18,869,419
(Other operating expenses)	(22,566,822)	-	(22,566,822)
(Administrative expenses)	(57,176,795)	(1,702,460)	(58,879,255)
(Staff expenses)	(43,224,208)	-	(43,224,208)
(Other administrative expenses)	(13,952,587)	(1,702,460)	(15,655,047)
(Depreciation and amortization)	(7,725,674)	-	(7,725,674)
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	(23,187,286)	-	(23,187,286)
(Financial assets at amortized cost)	(23,187,286)	-	(23,187,286)
(Impairment or (-) reversal of impairment on non-financial assets)	(271,112)	-	(271,112)
PROFIT OR (-) LOSS BEFORE TAX	39,400,962	(22,422,879)	16,978,082
(Tax expense or (-) income)	(3,500,810)	-	(3,500,810)
Profit or (-) loss after tax	35,900,152	(22,422,879)	13,477,273

1.4 BUSINESS STRATEGY

Crystal's core services include working capital, consumer/household, instalment, fixed-assets and green (energy efficiency and renewable energy) loans and leasing. Non-credit services comprise of payments, insurance, currency conversion and money transfers.

Crystal's strategy is to leverage existing brand, customer base and extensive branch infrastructure, while diversifying its product offering even more including savings deposits, remittances, currency exchange, mobile banking, consultancy and technology services to both existing and new customers, with focus on the rural segment, micro and small entrepreneurs.

The micro banking license provided Crystal with better opportunities, as the Microbank is already able to provide products such as current/savings accounts and deposits to its customers, diversify its GEL funding sources, and at the same time increase lending limit to GEL 1 million, enter and grow in the small/medium business segment.

Crystal's funding sources are diversified but primarily are derived from foreign financial institutions and local commercial banks. Crystal has also developed alternative funding, such as issuing promissory notes and has experience of placing corporate bonds.

In January 2023, Crystal introduced a way of attracting funding from physical individuals, sole proprietors and other non-financial legal entities, in a form of a promissory note product named "Moneta".

LENDING

The Microbank continues to focus principally on micro-credit to low income entrepreneurs with cash flows from income generating activities (including trade, production, agriculture, and others). The Microbank has also expanded its credit offering to small and medium enterprises.

Crystal's lending methodology has been developed to provide loans to physical and legal entities having micro, small and/or medium-sized businesses. Crystal performs a thorough analysis of client businesses for individual loans. Real estate or automobile may be required to guarantee individual loans. In these cases, considering the purpose of the loan, Crystal can offer the customer leasing as an alternative to the loan. Disbursement of leasing is mainly also based on the study of the customer's solvency, which includes assessment of the customer's financial standing (cash flows, profit and loss and balance sheet), business activity, liquidity and appraisal of the asset to be financed.

Crystal also offers pawnshop loans and fast leasing products to its clients where decision making is mostly based on assessment of asset/collateral.

Expenses connected with loan provision are minimized while still mitigating the credit risks at different loan amount levels while achieving profitable results.

Crystal serves the customers through the following general categories of products: Micro Business Loans, SME Loans, Agriculture Loans, Housing Loans, Consumer Loans, Fast Instalment Loans, Gold Guaranteed Loans, Auto, Pawnshop Loans and Leasing.

WHOLESALE FUNDING

Crystal plans to meet funding needs with a combination of equity, long-term borrowing and deposits. Crystal works with international financial institutions, including impact investors and foreign Banks such as European Investment Bank, Council of Europe Development Bank (CEB), European Bank for Reconstruction and

Development (EBRD), FMO, Proparco, BlueOrchard, Symbiotics, responsAbility, Incofin, Triple Jump, DWM, etc. The international partners have possibility to deliver facilities (senior loans and capital instruments) both in local and foreign currencies.

RETAIL FUNDING

The introduction of deposit products allowed Crystal to diversify funding sources for growth, attract new customers and develop market share, retain existing customers and help serve their increasingly sophisticated financial service needs.

Target customer segment: small and medium sized business owners, farmers and remote village habitants, service providers, physical and legal entities in Georgia. Initially state enterprises and high-net worth individuals will be area of particular focus as they generally have extra liquidity available which they can deposit easily.

Demand deposits: The product targets clients, who get excess liquidity during a certain period and need to re-invest the money back into the business, without specific time estimates. Those are potentially small and medium-sized business owners, merchants and traders, who experience quicker cash turnover. Crystal's segment shows high interest in this type of product due to nature of their activity.

Term deposits: Typically deposited from 3 to 12 months, also available in > 12 months. This product is interesting for microfinance segment, as well as general public.

Savings accounts: This product is applicable to fairly all customer types, who wish to save money under different savings programs, such as education, family savings, pensions etc.

Promissory notes: This product is be applicable to high-net-worth individuals and corporates. Typical ticket size is more than GEL 100,000.

2. OWNERSHIP AND GROUP STRUCTURE

2.1 SHAREHOLDER STRUCTURE

As of 31 December 2025, the following shareholders owned common shares of the Microbank's issued capital:

31 December 2025				
Shareholder	Number of shares	Common/ non- redeemable preference	Share, %	Voting rights, %
AGRIF COÖPERATIEF U.A.	1,454,938	Common	40.03%	40.03%
DWM Funds S.C.A-SICAV SIF	683,332	Common	18.80%	18.80%
Individual shareholders	1,297,211	Common	35.69%	35.69%
Other minority shareholders (< 1%)	199,095	Common	5.48%	5.48%
Total	3,634,576		100%	100%

As of 31 December 2025, the following beneficiary owners directly and indirectly held 5% or more shares of the Microbank:

Beneficiary owners holding 5% or more shares	31 December 2025
Archil Bakuradze	12.10%
Malkhaz Dzadzua	9.31%
Davit Bendeliani	5.73%
agRIF Cooperatief U.A (Netherlands)	40.03%
agRIF Feeder BV (Netherlands) reg# 855273975	14.90%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) (Netherlands)	5.23%
European Investment Bank (EIB)	6.54%
Societe De Promotion Et De Participation Pour La Cooperation Economique (PROPARCO) SA (France)	6.27%
Agence Française de Développement (AFD) (France)	5.34%
AXA Impact Fund II (Ireland)	6.54%
Axa Investment Managers UK Limited (UK)	6.54%
AXA Investment Managers UK Holdings Limited (UK)	6.54%
AXA Investment Managers S.A. (France)	6.54%
AXA S.A (France)	6.54%
DWM Funds SCA SICAV SIF (Luxembourg)	18.80%
DWM Funds S.a.r.l. (Luxembourg)	17.59%

Developing World Finance, LLC (USA)	17.59%
DWM Holdings, LLC (USA)	18.80%
Peter Johnson (USA)	9.40%

Pursuant to the NBG's decision dated November 13, 2025, the Share Management Agreement (executed on December 9, 2024) and its participating shareholders have been formally qualified as a group of partners (shareholders) acting in concert, holding a significant share in the institution. In accordance with the governance framework established under the aforementioned Agreement and formalized through notarial powers of attorney, the shareholders have designated JSC Lotus Impact Finance (Identification Number: 405633845) as the authorized Share Manager. JSC Lotus Impact Finance has been a registered shareholder of the entity since February 28, 2025.

The members of the group of jointly operating partners (shareholders) during the reporting period are individual shareholders and one legal entity:	31 December 2025
Archil Bakuradze	12.10%
Badri Alpaidze	0.29%
Davit Bendeliani	5.73%
Vakhtang Bakuradze	1.26%
Kakha Gabeskiria	0.46%
Alu Gamakharia	3.08%
Nikoloz Gegeshidze	0.22%
Manuchar Chitaishvili	0.64%
Miriani Lomidze	0.26%
Giorgi Megeneishvili	0.13%
Zviadi Zambakhidze	0.24%
JSC Lotus Impact Finance	0.10%
Malkhaz Dzadzua	9.31%
Paata Tsotsonava	2.63%
Total	36.45%

The Microbank does not have an ultimate controlling party.

2.2 GROUP STRUCTURE AND CONSOLIDATION

On January 26, 2018, Crystal established 100% subsidiary – Crystal Consulting LLC. As of 31 December 2025, the subsidiary does not provide any services and is dormant.

The financial statements disclosed in scope of Pillar 3 present consolidated financial statements with the Microbank’s subsidiary in accordance with the International Financial Reporting Standards (‘IFRSs’). For regulatory purposes, the subsidiary is not consolidated, and the Microbank’s compliance with the NBG requirements are disclosed on a standalone basis.

Consolidation by entities			Method of regulatory consolidation				Description
#	Name of Entity	Method of Accounting consolidation	Full Consolidation	Proportional Consolidation	Neither consolidated nor deducted	Deducted	
1	Crystal Consulting LLC	Full Consolidation				X	22 Nikea Street, Kutaisi, Georgia; Business consulting services; Assets - GEL 21 477; Share Capital - GEL 60 9791

3. CORPORATE GOVERNANCE

3.1 CORPORATE GOVERNANCE CODE

The Corporate Governance Code (hereinafter the ‘Code’) is a set of organizational management rules of JSC Microbank Crystal.

The Code is created on the basis of the legislation of Georgia, normative acts of the National Bank of Georgia, the Microbank's charter (hereinafter the ‘Charter’), and corporate normative acts.

The Code sets out the following:

- Organizational and governance structure, functions, managerial positions and responsibilities of the Microbank and its structural units;
- Managerial and representative authorities of directors, accountability issues;
- Creating an organizational and management structure in which conflicts of interest are eliminated and no one has unlimited decision-making authority.

The Code sets out the general principles of the corporate governance. The approval of the Code, as well as the introduction of amendments and additions to it, is carried out on the basis of a resolution of the Supervisory Board.

The structure of the Microbank's **governing bodies** consists of the General Meeting Shareholders, the Supervisory Board, the committees under the Supervisory Board and the Board of Directors (including General Director as the highest ranked executive of the Microbank and leads the activities of the Board of Directors).

The committee members and chairs described in the following chapters are given as of December 2025.

3.2 GENERAL MEETING OF SHAREHOLDERS

The General Meeting of the Shareholders of the Microbank is the supreme governing body. The rules of convening and conducting the general meeting, authority, and other issues are defined by the legislation of Georgia and the Microbank's Charter.

The Microbank's corporate governance framework is built upon the principles of shareholder protection, transparency, and equity. Shareholders' rights, the mechanisms for their protection, and the procedures for their execution are strictly governed by the Microbank's Charter and the Law of Georgia on Entrepreneurs.

The Microbank's Charter serves as the supreme internal governing document, establishing the exclusive competence of the General Meeting over the Microbank's strategic governance.

According to the Charter, the fundamental rights of shareholders include:

- *Exclusive Decision-Making Authority.*
The General Meeting holds the exclusive power to resolve fundamental matters such as the approval of the new edition of the Charter, the reorganization of the Microbank, and any changes to the capital structure (including share issuances or capital reductions).
- *Oversight and Nomination Rights.*
Based on the Charter, shareholders elect members of the Supervisory Board, determine their terms of office, and approve the remuneration policy for the SB members.
- *Financial Control and Audit.*
The Charter guarantees the right of shareholders to review and approve annual audited financial statements and to select the Microbank's external auditor.
- *Protection of Proprietary Rights.*
The Charter regulates the procedure for dividend distribution and protects shareholders' preemptive rights during new share issuances to prevent equity dilution.
- *Right to Information.*
The Charter mandates that the Bank ensures shareholders are fully and timely informed about all matters included in the meeting agenda.

REVIEW OF SHAREHOLDERS' MEETINGS IN 2025, KEY TOPICS AND ATTENDANCE

During the reporting period, 5 Shareholders' meetings (annual and ad-hoc) were held. Shareholders exercised their rights under the Charter to discuss and approve the following key topics:

Financial and Dividend Decisions:

- Approval of the 2024 annual audited financial statements report and management report.
- Proposal to postpone the distribution of dividends from the 2024 profit.

Supervisory Board Governance:

- Approval of the Supervisory Board members, including the appointment of Independent Members.
- Modification of the remuneration of the Supervisory Board members to ensure alignment with the Corporate Governance Code for Microbanks.
- Discussion and acknowledgment of statements provided by the independent members of the Supervisory Board.

Charter and Legal Amendments:

- Amendment of the Charter to increase the transaction approval limit of the Board of Directors.
- Approval of Amendments to the Shareholders' Agreement and the Amended and Restated Founding Agreement.
- Granting authority to the Supervisory Board to further delegate to management the powers to establish and/or liquidate branches (representative offices).

Strategic and Operational Mandates:

- Proposed motion for ensuring balanced governance and protecting minority shareholder rights.
- Informing shareholders about the general activities of JSC Microbank Crystal.

Meetings held (starting from the licensing date) and the attendance statistics are as follows:

Shareholder's Meeting 2025	
Date	Attendance
31.03.2025	98%
11.06.2025	98%
29.10.2025	98%
25.11.2025	98%
29.12.2025	98%

3.3 SUPERVISORY BOARD

The Supervisory Board (SB) of the Microbank consists of the following members:

- Robert Kossmann – Chairman and independent member of the SB;
- Lilit Gharayan – Deputy Chair and independent member of the SB;
- Jan Dewijngaert – Member of the SB
- Archil Bakuradze - Member of the SB

For the purposes of executing the functions set by the "Corporate Governance Code of Microbanks" approved by the National Bank of Georgia, the Supervisory Board holds meetings at least once a quarter, and if needed, increases the frequency of meetings.

The Supervisory Board is composed on the basis of a balance of diversity of opinions. This means composing the Supervisory Board with people with different skills, qualifications, and experience. In addition, not less than one-third, but not less than 2 (two) members of the Supervisory Board should be independent members.

In exercising its functions, the Supervisory Board shall, above all, bear in mind the interests of the Microbank, depositors, shareholders, and other interested parties. The Supervisory Board ensures the establishment and maintenance of effective communication and cooperation with the supervisory authority.

When the Supervisory Board considers and adopts a resolution on such issue(s), where any member of the Supervisory Board is directly related to the issue under consideration, potentially leading to a conflict of interest, such member shall not take part in the consideration of the issue and making the relevant decision.

Corresponding minutes are made up on the decisions of the Supervisory Board and the committees of the same Board.

In order to effectively manage the activities of the Microbank, **Risk Management Committee**, **Audit Committee** and the **Environmental and Social Protection** are established under the Supervisory Board.

The Supervisory Board approves the risk management framework, the risk appetite and risk management policies. It regularly reviews key risks through the Risk Management Committee and evaluates the risk management system through the Audit Committee.

EDUCATION AND EXPERIENCE

Crystal's is led by diversly experienced team of the SB.

Member	Education and Experience
Robert Kossmann	Robert Kossmann is a well-traveled internationally experienced banker with 33 years of retail and SME banking experience who has worked in 13 different countries throughout Central and Eastern Europe. He has spent the last 16 years working in Raiffeisen Bank International from 2004 to 2020 as Deputy Chairman of the Board for Retail/SME banking in Raiffeisen Bank Aval Ukraine and as the Head of SME Risk in Vienna, Austria. In addition to being responsible for Retail and SME banking, Robert was CIO and COO for 3 years. Prior to working at Raiffeisen, Robert was a Senior Developmental Banker working with the EBRD, World Bank, ADB and USAID on restructuring large financial institutions. Robert is currently active as a Fintech Angel Investor and Advisor & Mentor to multiple startups in Ukraine.
Lilit Gharayan	Ms. Gharayan is a financier. She has extensive experience in leadership as well as holding a consultant position in financial management, risk management and operational management. Since 2015, Ms. Gharayan has been participating in the implementation of SDC, KfW and AFD projects in Georgia and Armenia. She holds an MBA degree with a major in finance from the American University of Armenia and an MA from Yerevan State University. Ms. Gharayan is a graduate of the ProCredit Management Academy and is a member of ACCA.
Jan Dewijngaert	Mr. Jan Dewijngaert is Director Private Equity at Incofin Investment Management, fund manager of agRIF, and has been representing agRIF at the Supervisory Board since 2016. Mr. Dewijngaert has broad private equity experience in acquiring, managing and selling equity stakes in a wide variety

	of sectors. He executed more than 70 investments and exits in Europe and Asia. Previously, he acted as a Managing Partner, Director Private Equity and Member of the Investment Committee of various private equity funds. Mr. Dewijngaert has extensive Board Member experience in multiple sectors and countries. Currently, he also acts as a Board member of Lovcen Banka (Montenegro) and Bank Arvand (Tajikistan) and is a member of the Investment Committee of the Water Access Acceleration Fund.
Archil Bakuradze	Archil serves as a Council Chair of the Microfinance Centre. He is a Chair of the Board of Crystal Fund and serves on the Boards of several non-profit organizations. Through the Chevening Scholarship from the UK Foreign and Commonwealth Office, Archil received an MBA from Lancaster University's Management School (2004). He is a fellow of the John Smith Trust (2000) and recipient of the international van Heuven Goedhart award from the Dutch Refugee Foundation, Stichting Vluchteling (2003).

FUNCTIONS OF THE SUPERVISORY BOARD

Apart from other functions, the members of the Supervisory Board are both individually and jointly responsible to:

- define the Microbank's values, vision, mission, and organizational structure and provide that the Microbank is led in full compliance with the principles of fairness, competence, professionalism, and ethics;
- define the ethical standards and code of conduct of the Microbank and continuously evaluate the role of the Board of Directors in establishing and maintaining a healthy corporate and ethical environment, which is not limited to, but includes, the applicable legislation;
- continuously monitor the efficiency and impartiality of the Microbank's policies-procedures in terms of the whistleblowing;
- elaborate the Microbank's strategy in collaboration with the Board of Directors and monitor the fulfillment of strategic goals by the Board of Directors;

- ensure the compliance of Microbank's activity with the legislation, including the supervisory requirements;
- define the risk appetite of the Microbank;
- define the organizational structure, including roles and responsibilities, so as to ensure that the Supervisory Board and the Board of Directors perform their duties on time and ensure an efficient decision-making process;
- monitor the activities of the Board of Directors, evaluate the decisions made by the Board of Directors, and take relevant measures based on the results of such evaluation. The Supervisory Board shall also ensure that the Supervisory Board receives adequate information from the Board of Directors, including explanations and assurances that the Board of Directors' activities are in full compliance with the strategy and risk appetite approved by the Supervisory Board and that the Microbank's internal controls are operating effectively;
- Nominate and approve candidates for the membership of the directorate, In addition, regularly review candidates such as the General Director, directors including the Finance Director, and the Risk Director, as well as review the basis for the appointment of other individuals;
- ensure that the Microbank has proper policies and procedures in place regarding the appointment, discharge, and selection of the Board of Directors' members;
- monitor the effective functioning of the Microbank's remuneration system and related control processes, which, in particular, implies reviewing and monitoring the remuneration of people holding executive positions;
- ensure that control functions are effective and independent, meaning the ability to make objective and independent decisions in the conduct of activities, without the influence/potential influence of any other party;
- ensure the implementation and maintenance of effective management processes, which include, inter alia, the development of appropriate policies and procedures related to the maintenance of business continuity when significant risk-takers leave the Microbank. The implementation of an effective management process also includes the ongoing evaluation and development of Microbank's employees, as well as the search for potential candidates;
- control transactions with related parties and, to this end, ensure that the Microbank has appropriate policies and procedures in place;
- monitor and assess the effectiveness of the organizational and management structure periodically and take appropriate measures to eliminate identified deficiencies;
- ensure independence, authority, and unlimited access of the structural unit performing compliance functions to the Supervisory Board;

- ensure the promotion of best practices in risk culture, as well as effective communication, constructive discussion, and employee accountability; approve the remuneration policy for the board of directors and control functions;
- ensure that ESG issues are appropriately incorporated into Microbank's strategy and monitor their effective implementation.
- hold regular meetings with the Board of Directors and control functions to review policies and controls to identify significant risks and issues and areas for improvement;
- analyze the efficiency and effectiveness of the Supervisory Board's work on a regular basis;
- Participate in the process of evaluating the performance of the Supervisory Board and the Board of Directors, as well as in the processes of monitoring the performance of internal staff and the Microbank's human resources policy;
- develop annual recommendations on remuneration of persons taking material risks (except for members of the Supervisory Board);
- consider the appointment of external consultants and consider their recommendations;
- evaluate the performance of key performance indicators (KPIs) of persons taking material risks (excluding members of the Supervisory Board) and whether performance and risk adjustments, including the return or reduction of variable remuneration, are necessary before and after the appointment of variable remuneration;
- review various scenarios to assess the impact of various internal or external events on remuneration policies and practices and the criteria used for risk-based adjustments.

SELF-ASSESSMENT AND INDEPENDENCY OF THE SUPERVISORY BOARD

As of 2025, the Board ensures a balanced representation of independent and non-independent members to provide unbiased oversight.

The **independence** of the SB members is ensured by the following arguments:

- Regulatory and Legal Alignment: Their independence is established based on the criteria set by the National Bank of Georgia and the requirements defined in the Microbank's Charter.

- Ethical and Professional Standards: Members operate under the Code of Ethics and Professional Conduct, which guarantees the absence of conflicts of interest and ensures objective decision-making.
- Structural Independence and Absence of Conflict of Interest: The governance framework ensures that independent members remain free from any material or professional relationships that could interfere with their impartial judgment. Independent members have no family or close business relationships with the Microbank's executive management or major shareholders that could impair their objectivity.
- Professional Autonomy: Members demonstrate strong professional judgment and provide independent viewpoints during the SB and Committee deliberations, challenging management's proposals when necessary.
- Tenure Limits: The Microbank ensures that the duration of their service does not exceed the regulatory limits established for independence.
- External Experience: Independent members bring diverse expertise from international financial institutions and private sectors, ensuring their decisions are based on objective market standards rather than internal organizational pressures.

DESCRIPTION OF THE SUPERVISORY BOARD SELF-ASSESSMENT PROCESS

2024 Retrospective

Last year, the SB's self-assessment was conducted internally via electronic surveys. The evaluation addressed five key pillars: Board Composition, Operational Effectiveness, Professional Development, Strategic Involvement, and Risk Management. Following data collection, the aggregated results were discussed collectively by the SB to identify and address areas for improvement.

2025 Outlook and Microbank Status

As 2025 marks the Microbank's first year operating under Microbank status, corporate governance requirements have naturally become more stringent. To align with these elevated regulatory standards, the 2025 evaluation framework will transition to a more robust model. This includes engaging independent experts to conduct a comprehensive external review of the Board's performance, ensuring full compliance with banking sector best practices and National Bank of Georgia guidelines.

REVIEW OF MEETINGS IN 2025, KEY TOPICS AND ATTENDANCE

In 2025, the Supervisory Board of the Microbank maintained a high level of engagement to oversee the Microbank's strategic goals and regulatory compliance. Throughout the year, the SB's decision-making process was conducted through both formal sessions and written procedures.

Specifically, the SB's activities in 2025 included (starting from the licensing date):

- 16 meetings conducted in a form of joint attendance (in person or via electronic communication), out of which attendance statistics for three meetings were 67%, for one 83%, and for the rest 100%;
- 8 decisions adopted through written resolutions.

Key Issues Discussed and Resolved by the Supervisory Board:

Strategic Transformation and Regulatory Compliance:

- Microbank Transition: Oversight of transitional arrangements to ensure continuity of Audit and Risk Management Committee oversight; management of the licensing process and transition to Microbank status.
- Internal Governance: Approval and updates of the SB Policy, Risk Regulations, and the Code of Ethics and Professional Conduct.
- Board Composition: Managed leadership transitions, including the election of a new SB Chair and Deputy Chair, and the establishment of an ad-hoc commission for nominating new independent board members.
- Regulatory Dialogue: Facilitated active engagement with the National Bank of Georgia representatives regarding requirements and general regulatory compliance.

Financial Oversight and Funding:

- Loan facility approvals: Review and approval of major loan facilities from international partners.
- Capital and performance management: Review of the 2024 Audited Financial Statements; decisions on dividend distribution/defferal; and approval of the budget and investment plan.
- Operational efficiency: Monitoring management reports, audit reports, and the performance KPIs for 2025-2026.

Human Resources and Remuneration:

- Executive Compensation: Adjustment of remuneration and variable remuneration payments.

3.3.1 RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) of the Microbank consists of the following members:

- Robert Kossmann – Chairman of the Risk Management Committee and independent member;
- Lilit Gharayan – Independent member of the Risk Management Committee;
- Jan Dewijngaert – Member of the Risk Management Committee.

According to the Code, the Chairman of the RMC must be independent, and the RMC should have at least 3 members, the majority of whom should be independent members of the Supervisory Board.

The RMC performs the following functions:

- review risk strategies in terms of both aggregate and individual risk and submit relevant recommendations to the Supervisory Board, including the risk appetite;
- prepares and submits to the Supervisory Board a report on the Microbank's risk culture and review risk policies at least once a year;
- monitor the work of the Board of Directors to ensure compliance with the risk policies;
- interact with and supervise the activities of the Risk Director;
- make recommendations to the Supervisory Board on the effectiveness of risk strategies and policies, including maintaining and allocating sufficient capital to cover identified risks;
- monitor capital and liquidity management strategies and all types of risks such as credit, market, operational and reputational risks against risk appetite;
- make recommendations on the appointment of an external advisor to whom the Supervisory Board or its committees may seek advice or counsel;
- consider various possible scenarios, including stress scenarios, to evaluate the impact of external and internal events on the Microbank's risk profile;
- monitor the compliance of material financial products and services offered to clients, including their prices, with the organization's business model and risk strategy;

- evaluate the recommendations of the internal and external auditor and, in line with the Audit Committee, monitor the fulfillment of relevant measures;
- monitor the Pillar 3 reporting process, including reporting on ESG issues, and approve publishing the Annual Pillar 3 reporting.

There are effective communication and coordination between the RMC and the Audit Committee, including information exchange, identification of all types of risks, including newly identified risks as well as making any necessary adjustments to the Microbank's risk management framework.

REVIEW OF MEETINGS IN 2025, KEY TOPICS AND ATTENDANCE

In 2025, the RMC focused on enhancing the Microbank's risk infrastructure and maintaining financial stability during its institutional transformation.

Key activities and deliberations were as follows:

Financial and Portfolio Risk Oversight:

- Evaluation of capital adequacy ratios, liquidity, interest rate, and market risks through regular internal reporting and stress-testing results;
- Review and adjustment of the Expected Credit Loss (ECL) methodology and monitoring of the financial impact of accounting changes related to penalties and interest income;
- Analysis of portfolio product profitability and update of product-mix strategies to ensure sustainable growth;
- Reconfirmation and monitoring of the centralization of collections and loan underwriting processes.

Strategic Risk Infrastructure and Innovation:

- Approval of high-impact technology projects, including the Risk Data Warehouse and AI Scoring systems;
- Development of product-level cost-of-risk limits aligned with the Microbank's overall risk appetite and update of the NPL sale limit for 2026;
- Updated Business Continuity Planning (BCP) testing recommendations and monitored implementation timelines.

Policy and Compliance Framework:

- Update of 2025 Risk Appetite Statement and Credit Policy;

- Institutionalization of the Whistleblowing framework;
- Optimization of governance by transitioning ALCO functions to the Board of Directors, ensuring structured reporting to the RMC and Supervisory Board.

Meetings held (starting from the licensing date) and the attendance statistics are as follows:

Risk Management Committee Meeting 2025	
Date	Attendance
24.04.2025	67%
24.07.2025	67%
18.08.2025	100%
30.10.2025	100%

3.3.2 AUDIT COMMITTEE

The Audit Committee of the Microbank consists of the following members:

- Lilit Gharayan - Chairman of the Audit Committee and independent member;
- Robert Kossmann – Independent member of the Audit Committee;
- Archil Bakuradze – Member of the Audit Committee;

According to the Code, the Chairman of the Audit Committee must be independent, and the RMC should have at least 3 members, the majority of whom should be independent members of the Supervisory Board.

The Audit Committee performs the following functions:

- accept reports reflecting the results of individual internal audits and intermittent activity reporting information and ensure timely implementation of relevant measures by the Board of Directors to eliminate control weaknesses, inconsistencies with legislation, or other deficiencies identified by the audit process or other control functions;
- monitor the elaboration of the Microbank accounting policy and practice, the fairness, completeness, and compliance of financial reporting policies with corresponding legislation and standards;
- consider the opinions of third parties regarding the effectiveness and structure of the Microbank's overall risk management framework and internal control systems;

- ensure the adequacy, independence, and practical cooperation of internal and external auditors;
- review the recommendation letter prepared by the external auditor and monitor the taking of appropriate measures by the Directors to correct the existing deficiencies.

REVIEW OF MEETINGS IN 2025, KEY TOPICS AND ATTENDANCE

The Audit Committee focused on ensuring the integrity of financial reporting and the effectiveness of the internal control environment.

Key activities and deliberations were as follows:

Internal Audit Management:

- Reviewed and approved the Annual Internal Audit Plan, monitoring its progress and evaluating the department's Annual Report;
- Updated and approved internal audit policies and procedures to ensure alignment with best practices.

Audit Oversight and Remediation:

- Conducted detailed reviews of audit results and tracked the remediation status of deficiencies identified during the audit process.

Stakeholder and Governance Review:

- Evaluated the Stakeholder Expectation Survey regarding Internal Audit performance to ensure high standards of governance and transparency.

Meetings held (starting from the licensing date) and the attendance statistics are as follows:

Audit Committee Meeting 2025	
Date	Attendance
11.04.2025	67%
29.09.2025	67%
18.12.2025	100%
22.12.2025	100%

In addition to the meetings held, the Audit Committee passed one decision via circular resolution during the reporting period, ensuring the timely and efficient handling of urgent matters.

3.3.3 ENVIRONMENT AND SOCIAL PROTECTION COMMITTEE

The ENVIRONMENT AND SOCIAL PROTECTION Committee (E&S) of the Microbank consists of the following members:

- Jan Dewijngaert – Chairman of the E&S Committee;
- Lilit Gharayan – Independent member of E&S Committee;
- Archil Bakuradze – Member of the E&S Committee.

According to the Code, the E&S Committee should have at least 3 members, with at least one independent member.

The E&S Committee performs the following functions:

- ensure that members of the Supervisory Board and management participate in programs that raise their awareness of environmental, social, and governance issues.
- review and monitor environmental and social welfare strategies, their consistency and compliance with the Microbank's finance-related strategies and plans, and submit appropriate recommendations to the Supervisory Board;
- monitor the execution of the plans and recommendations approved by the Supervisory Board on the part of the Microbank's Board of Directors;
- review the effectiveness of environmental and social projects, as well as the possibility of realizing new projects on the part of Crystal;
- assess the results of realized projects using a critical approach;
- provide an exchange of international experience in the field of environmental and social protection for the Supervisory Board.

REVIEW OF MEETINGS IN 2025, KEY TOPICS AND ATTENDANCE

The E&S Committee focused on ensuring the integrity of financial reporting and the effectiveness of the internal control environment.

Key activities and deliberations were as follows:

Strategy & Impact Management:

- Led the comprehensive Revision of the Impact Strategy to align the Microbank's social and environmental goals with international standards;
- Ensured that ESG principles, including climate change risks and employee diversity, are embedded in the Microbank's strategic decision-making.

Meetings held (starting from the licensing date) and the attendance statistics are as follows:

E&S Committee Meeting 2025	
Date	Attendance
15.04.2025	75%

3.4 BOARD OF DIRECTORS

Crystal's daily operations are led by the Board of Directors. The Board of Directors (the 'BoD') is chaired by the General Director. Members of the BoD are appointed by the Supervisory Board. According to the Code, members are appointed for a maximum period of 4 years with the right to re-appointment by the SB. Members meet the criteria of administrators according to the Law of Georgia on "Activities of Microbanks" and the NBG order N119/04 "Suitability Criteria for Administrators of Microbanks").

The Board of Directors perform the following functions:

- leads the current activity of the Microbank;
- discusses in advance all issues included in the agenda of the meetings of shareholders or the Supervisory Board of the Microbank, prepares relevant information, proposals, and corresponding drafts of resolutions thereon;
- prepares and submits to the Supervisory Board for approval the Microbank's development strategy, and business plan for the current year, including the annual budget and profit and loss calculation, as well as the community investment plan;
- supervises lending, payments, financing, cash services, protection of funds and public valuables accounting, reporting, interbank control, organization of the Microbank's provision of customer interests, and other main issues;
- supervise the work of branches and departments of the Microbank, ensuring the fulfillment of tasks and functions assigned to their management;

- examine the materials of internal audit or external audit, as well as reports of managers of branches and departments of the Microbank, and make appropriate decisions based on this information;
- make sure that the decisions of the shareholders' meetings and the Supervisory Board of Microbank are executed;
- elaborate internal organizational rules of Microbank, as well as ensure their fulfillment;
- make decisions on personnel recruitment, dismissal, professional development, and remuneration;
- observe the requirements established by the Microbank's Charter and Georgian legislation.

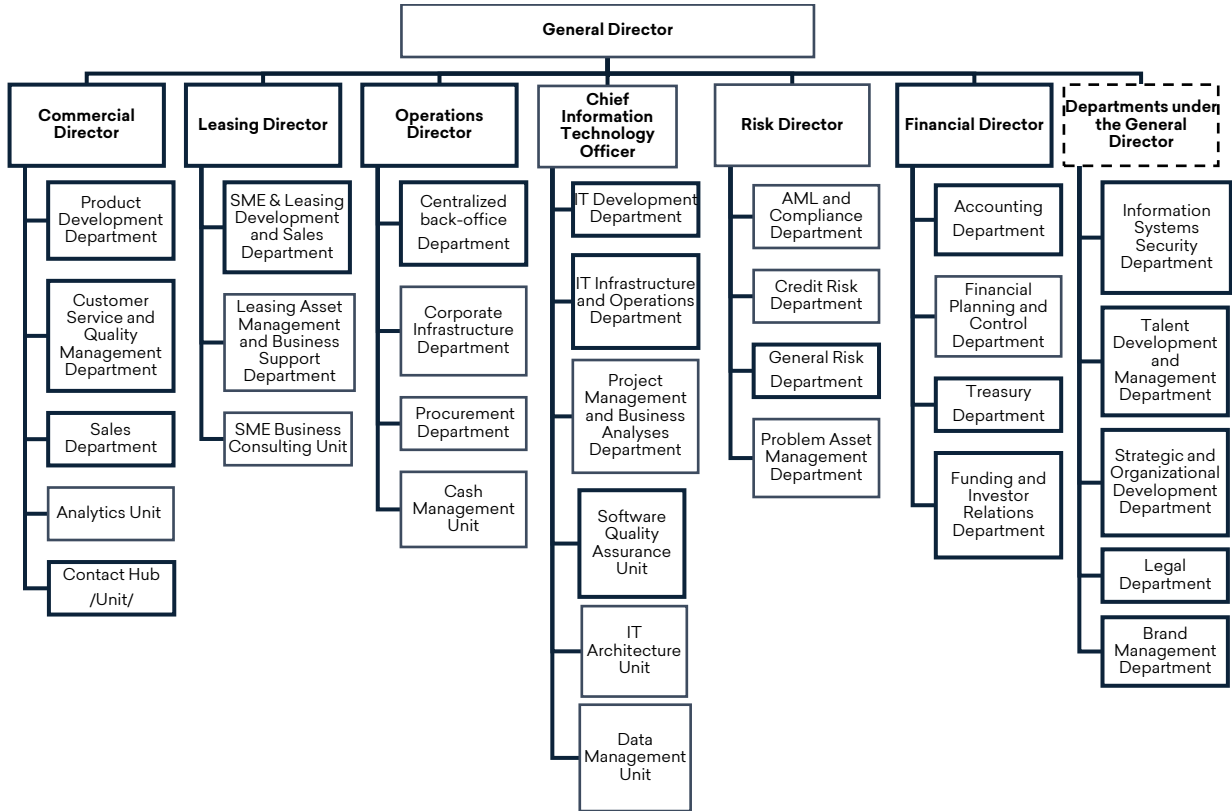
The Board of Directors shall make decisions by a simple majority of votes presented. Regular BoD meetings were held weekly during 2025. The meetings were also held ad-hoc. A quorum for the meeting is 4 members attending the meeting. All members have one vote. If the number of votes on the decision is equal, the decision which the Chair voted for will be adopted.

The Board of Directors (BoD) of the Microbank consists of the following **members**:

- Ilia Revia – General Director (Chair)
- Davit Bendeliani – Financial Director
- Melania Kuchukhidze – Commercial Director
- Nino Panjikidze – Operations Director
- Giorgi Megeneishvili – Risk Director
- Kakha Gabeskiria – Leasing Director

ORGANIZATIONAL STRUCTURE

The following organizational structure is in place as of December 2025 (Chief Information Technology Officer reports to the General Director):



EDUCATION AND EXPERIENCE

Crystal's is led by experienced team of the Board of Directors. Jointly, the Board of Directors combines vast experience of knowledge in banking, microfinance, financial and operational management, and information and communication technology.

Director	Education and Experience
Iliia Revia General Director	He is an accomplished executive with extensive experience leading largescale transformation and change management initiatives in banking and IT sectors. He began his career as a web developer in 1998, moving into IT Project Management for a US Law firm in 2001-2006, and Project Manager for TBC Bank in 2007-2009. Joining the Bank of Georgia in

	<p>2009, he rose to position of Deputy Chief Information Officer and managed several complex programs, including the acquisition of PrivatBank Georgia and Agile transformation. After joining Crystal in the 2nd half of 2019, he has been leading the Microbank's strategic vision, growth, and transformation. Ilia is a certified Project Management Professional (PMP) with graduate degrees in Project Management from George Washington University and in IT and Business Innovation from Jonkoping University in Sweden, alongside an undergraduate Mathematics degree from the Georgian Technical University. Ilia is also an elected president of Project Management Institute – Georgia chapter.</p>
<p>Davit Bendeliani Financial Director</p>	<p>From August 2004 to 2011 he served as the Financial Manager for Crystal Fund. Prior to which, he managed the finance of CHCA, from April 1997 to July 2004. Mr. Bendeliani holds a degree in Economics from Ivane Javakhishvili Tbilisi State University. He also holds certificates in treasury management of microfinance organizations, strategic planning and change management, microfinance product development, risk management methodology, internal audit development, human resources management and strategic planning programs.</p>
<p>Melania Kuchukhidze Commercial Director</p>	<p>She is an established senior executive and management expert, with more than 15 years of leadership experience in the financial sector, having first served, from 2006-2010, as Head of Retail and Small Business Development at VTB Bank Georgia. From 2010-2015, she was Head of the Network Management Department at Constanta Bank, before taking over the Micro Business Management Team at TBC Bank in Tbilisi, until 2016. She joined Crystal in 2018 as Head of Network Management after her two-year role as Commercial Director for the Lisi Green Urban Project. She was appointed Crystal's Deputy Chief Business Officer in 2019, and Chief Business Officer in May 2020. Melania holds a master's degree in management from VTB Bank Corporate University</p>

	and an undergraduate degree in Economics and Management from the Georgian Subtropical Business University. In 2023, she also became a certified business coach.
Nino Panjikidze Operations Director	Mrs. Panjikidze has been bringing over 15 years of financial sector experience. Her career journey includes diverse managerial roles at Procredit Bank, overseeing operations, retail control, centralized back office, and product development. Transitioning to Finca Bank during the banking transformation process, she led banking services and support, methodology development direction, credit and non-credit back-office functions, noncash settlement, treasury back-office functions and payments, also bank cards related processes and operations. In the past two years, she excelled as an operations manager in the non-banking sector. She holds a certified financial manager qualification from the Finance Department of Free University, pursued her master's in business administration at Caucasus University, and earned a bachelor's degree in international relations from the State University of Culture and Arts. Additionally, she completed a comprehensive course in Financial Markets at Yale International University.
Giorgi Megeneishvili Risk Director	Mr. Megeneishvili has been holding various positions since 2005 and has been going through an interesting path of development. He made a valuable contribution to the development of the Microbank by formatting and developing the classical risk management line. Giga is the certified Risk Manager, Certified International Microfinance Manager (Frankfurt School of Finance and Management) and holds BA in Economics from Akaki Tsereteli Kutaisi State University.
Kakha Gabeskiria Leasing Director	Mr. Gabeskiria has a distinguished career within the Microbank since 2009. His journey within Crystal includes key executive roles such as Chief Credit Officer, Chief Operations Officer, and Chief Business Officer. Notably, from 2020 onwards, he served as CEO of Crystal Leasing, a subsidiary of Microbank

	<p>Crystal. With a solid foundation in the MSME sector, Mr. Gabeskiria has amassed 20 years of managerial experience at Procredit Bank and JSC Microbank Crystal. He holds a BA in Economics from the Georgian Institute of Sub-tropic Agriculture and is certified in Project Management, Business Analysis, HR Management, Product Development, Credit Portfolio Planning and Management, as well as Credit and Operating Risk Management.</p>
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3.5 ASSET-LIABILITY COMMITTEE

The Asset-Liability Committee (ALCO) is established under the Board of Directors. It is regulated by the ALCO Charter which is approved by the Supervisory Board.

ALCO is responsible for identifying and managing the risks arising from the balance sheet, capital management in accordance with the business strategy, raising funds and capital instruments, placement of liquid assets, pricing, etc. Its function is to manage liquidity, funding, counterparty and market risks, capital adequacy and pricing decisions. The ALCO monitors the fulfillment of risk appetite trigger/limits, regulatory requirements and financial covenants.

ALCO consists of the following permanent (voting) members:

- General Director (Chair of the Meeting)
- Financial Director
- Commercial Director
- Risk Director
- Leasing Director
- Head of Financial Planning and Control Department
- Head of General Risks Department
- Head of Treasury Department

The General Risks Department is responsible for the preparation of the ALCO minutes of the meeting, presentation of the meeting and performing other administrative functions. Currently, responsibilities of the Head of General Risks Department are performed by the Financial Risk Manager in scope of the ALCO, who is also voting member of the ALCO.

The ALCO meets regularly once a month, or ad-hoc. Before the meeting, the ALCO is provided with the presentation, agenda and other relevant materials by Financial Risks.

The meeting is being chaired by the General Director, or in his absence, by the Financial Director. A quorum for the meeting shall be 50% of members plus one member attending the meeting, two of whom shall be Risk Director and Financial Director (or in case of a vacancy/absence, members appointed on their behalf from their own departments). All permanent members of the ALCO have one vote. Invited guests and non-permanent members do not have a right to vote but may actively participate in discussions. If the number of votes on the decision is equal, the decision which the Chair of the Meeting voted for will be adopted.

3.6 CODE OF ETHICS AND PROFESSIONAL CONDUCT

The Microbank operates under a **Code of Ethics and Professional Conduct** approved by the Supervisory Board, which establishes the key principles and standards governing the behavior of employees, members of governing bodies, and other relevant people.

The Microbank is committed to upholding the principles of integrity, professionalism, accountability, impartiality, confidentiality, and mutual respect. The Code of Ethics and Professional Conduct ensure a consistent standard of ethical and professional conduct in relationships with customers, partners, and among employees.

Employees are required to act honestly, competently, and with due care, exercising independent judgment in the performance of their duties. They are also obliged to protect customer interests, maintain confidentiality, and safeguard the reputation of the Microbank.

A **Conflict-of-Interest Management Policy**, approved by the Board of Directors and forming part of the internal regulations framework, defines procedures for the identification, disclosure, and management of conflicts of interest. The Microbank ensures that decision-making processes are conducted free from undue influence and aligned with its best interests.

The Microbank applies to a zero-tolerance policy toward any form of discrimination. Recognizing sexual harassment as a serious form of discrimination that may give rise to legal, reputational, and operational risks, the Microbank has implemented a dedicated framework for its prevention and management. This framework is

designed to foster a safe, respectful, and inclusive workplace, and to ensure clear, effective mechanisms for reporting, investigating, and addressing any violations.

Corruption, unethical conduct, market manipulation, and misuse of confidential information are strictly prohibited, as are any actions that may negatively impact the Microbank's reputation, customers, or stakeholders.

The Code of Ethics and Professional Conduct further cover areas including fair treatment of customers, acceptance of gifts, confidentiality, political neutrality, workplace safety, reporting of misconduct (whistleblowing), complaint handling, and disciplinary measures.

The Microbank has established reporting mechanisms, including a **whistleblowing** channel and an internal portal, allowing employees and other stakeholders to report concerns, including anonymously. Oversight of compliance with the Code of Ethics and Professional Conduct is performed by the Talent Development and Management Department and the Operational Risk Management Unit within their respective mandates (additional information related to operational risks are described in #8.1 chapter).

The Microbank ensures regular reporting to the National Bank of Georgia on incidents, breaches, complaints, and actions taken in accordance with the Code of Ethics and Professional Conduct.

4. RISK MANAGEMENT

4.1 RISK MANAGEMENT FRAMEWORK

In order to manage risks effectively, Crystal has developed, implemented and continuously improves risk management framework with the intention to integrate the process for managing risks into the Microbank's overall governance, strategy and planning, management, reporting processes, policies, values and culture.

The Microbank considers respective regulations of the National Bank of Georgia, ISO standards, Basel regulations and other relevant publications by national and international regulatory authorities.

Crystal's risk management system is built on the Microbank's risk culture, appetite and risk management framework.

With the involvement of employees, the Microbank's management establishes a corporate culture that is guided by strong risk management system and that supports and provides appropriate standards and incentives for professional and responsible behavior. Employees at all levels are responsible for the management and escalation of risks. We expect employees to demonstrate behaviors that support a strong risk culture in line with our **Code of Ethics and Professional Conduct**.

Risk appetite expresses the aggregate level of risk that Crystal is willing to achieve in its strategic business objectives. It is an integral part of business planning process.

The risk framework includes the organizational structure of risk management, responsibilities and functions, risk management processes, individual risk management policies, which form an integral part to the risk management framework.

Existence of properly designed risk management frameworks:

- improve resilience.
- increase the likelihood of achieving objectives.
- encourage proactive management.
- establish a reliable basis for decision making and planning.
- improve the identification of opportunities and threats.
- comply with relevant regulatory requirements and international standards.
- improve stakeholder confidence and trust.
- improve controls.
- effectively allocate and use resources for risk treatment.

- improve operational effectiveness and efficiency.
- enhance safety performance as well as environmental protection.
- prevent and minimize losses.
- improve organizational learning.

Crystal uses the **Three Lines of Defense** model for risk management, in which all lines are independent from each other:

- **First Line of Defense** - business units, operational management responsible for observing the policies and procedures in day-to-day operations, ensuring the appropriate use of embedded controls, identifying possible additional risks and notifying the second level of defense accordingly while conducting business activities; staff in the business units hold frontline positions in the proper identification, assessment, management, and reporting of risk exposures on an ongoing basis, taking account of the existing policies, procedures, and controls.
- **Second Line of Defense** – structural units in charge of risk management, which are primarily responsible for developing and updating risk management system, implementing risk management tools, assessing the quality of existing controls and their compliance with the Microbank’s risk appetite.
- **Third Line of Defense** - an independent internal audit function, which is responsible for providing assurance on the effectiveness of the Microbank’s risk management framework.

RISK APPETITE FRAMEWORK

The Risk Appetite Framework (the ‘RAF’) defines a set of acceptable limits and triggers for material risk indicators corresponding to the Microbank’s business model and strategy. Since the Microbank operates in the low-income segment, it has a moderate risk appetite.

The Microbank widens the monitoring of the risks to other metrics than the regulatory ones and sets diversified indicators to its business and risk profile.

The Risk Appetite Framework is approved by the Supervisory Board. The report on actual results vs risk appetite trigger/limits is prepared on a quarterly basis and presented on the Risk Management Committee. Any violation of the RAF trigger or limit is reported to the RMC along with the action plan for recovery and necessary preventive measures.

The RAF triggers and limits are closely linked to the NBG requirements, internal policies, and financial covenants.

The following risks are monitored through the RAF:

- Credit risk
- Operational risk
- Informational security
- Liquidity risk
- FX risk
- Interest rate risk
- Counterparty risk
- Compliance risk
- Capital adequacy
- ESG risk

In addition, liquidity, FX, counterparty, interest rate risks and capital adequacy are regularly monitored on the ALCO monthly and ad-hoc. The ALCO report covers all the internal and regulatory triggers/limits as defined by the RAF.

4.2 RISK DIRECTORATE

The Risk Director has direct management responsibility for the risk functions as well as for the continuous development and enhancement of risk measurement methods. The Risk Director ensures that risk management activities are conducted by staff with the necessary experience, technical capabilities having access to resources and independence from the units they oversee. The Risk Director is responsible for monitoring, analyzing, and reporting the risks on a comprehensive basis.

Risk managing structural unit/departments:

- analyze and evaluate risks, the quality of existing controls, their relevance to the Microbank's risk appetite;
- recommend for their improvement and monitor implementation process within the set deadlines;
- elaborate and revise risk management tools (based on the management team validation).
- report to the Risk Director/ALCO/RMC

While operating independently from each other, risk managing structural unit/departments complement each other and thus ensure that Crystal has robust and well-balanced risk management processes.

Risk Directorate is represented by the following departments:

- **AML (Anti-Money Laundering) and Compliance Department** which aims to ensure that the Microbank is protected against existing and anticipated risks in the area of compliance and AML, arising from non-compliance with legislation, regulatory norms, established standards and practices or ethical norms.

The key functions of the department are: developing, implementing and ensuring effective management of the necessary mechanisms for combating money laundering and terrorism financing.

- **General Risk Department** promotes the establishment of a robust risk culture, the implementation of the Microbank's business strategy and the compliance with international standards through the introduction of a proper and effective system of operational risk, financial risk, collateral appraisal and internal control management.

The key functions of the department are: standardization of operational risk management framework and definition of basic principles; effective management of operational risks in accordance with the requirements of the Basel Committee on Banking Supervision and the standards of the National Bank of Georgia; establishment of a solid corporate culture and effective communication system for operational risks; integration of operational risk management processes into daily activities at all levels across the Microbank; ongoing analysis and regular assessment of financial risks (market risk, liquidity and funding risks, counterparty risk, covenant monitoring and capital adequacy) and maintaining indicators within the Microbank's risk appetite; collateral assessment; standardization of the internal control process and determination of basic principles, provision of a healthy and proper internal control system.

- **Credit Risk Department** aims to facilitate the implementation of the Microbank's business strategy through establishment of a sound and effective credit risk management system and ensures compliance with the requirements of the NBG and international standards.

The key functions of the department are: maintaining the credit risk exposure within the Microbank's strategy and risk appetite; credit risk analysis (qualitative and quantitative assessment); study and analysis of modern approaches in the market, use of available statistics to analyze credit risk;

development of credit risk assessment strategy and control of its implementation; portfolio risk analysis and management.

- **Problem Asset Management Department** supports the Microbank in handling problem loans by effectively managing delinquent loans, both at early and senior stages of delinquency.

The key functions of the department are: collection of overdue loans and management of problem assets, including repossessed real estate; cooperation with external companies with respect to problem loans; court and enforcement proceedings.

Information Systems Security department is under the General Director.

4.3 KEY RISKS

In scope of risk management framework, Crystal identifies the following key risks faced by the Microbank:

Risk category	Risk definition
Strategic risk	The risk of losses as a result of poor planning and poor implementation of the Microbank's strategy. For example: wrong business decision, poor execution of the decision, inappropriate distribution of resources, and inadequate response to changes in environmental factors.
Credit risk	Threat that a borrower or a counterparty will fail to meet financial commitments under a loan agreement.
Operational risk	The risk of losses due to inadequate or faulty internal processes as well as people and systems, or external factors. This definition includes legal risks but does not consider strategic and reputational risks.
Information security risk	The risk due to breach of confidentiality, integrity and/or availability of information.
Compliance and AML risk	The risks arising from non-compliance with regulatory requirements and by-laws, breach of instructions of the regulator.
Environmental and social risks	Likelihood of the Microbank's activities causing undesirable environmental and social consequences.

Liquidity risk	The risk that the Microbank may not be able to repay its current and future liabilities.
Funding risk	The event when the Microbank is unable to obtain financing, mainly long-term.
FX risk (market risk)	Losses arising from changes in exchange rates caused by the difference between the Microbank's assets and liabilities in different currencies.
Interest rate risk (market risk)	Potential losses resulting from changes in market interest rates when there is a structural difference between interest sensitive assets and liabilities (maturity/interest rate type/currency)
Counterparty risk	The risk of loss due to non-fulfillment of obligations undertaken by the counterparty (non-credit).
Capital adequacy risk	The risk that the Microbank will not be able to cover expected losses as a result of impairment of risk-weighted assets.
Reputational risk	A threat posed to the Microbank's image in the eyes of stakeholders; activities of the Microbank, its employees or related contractors may be a source of the reputational risk.
Model risk	The risk of incurring losses (financial, reputational, strategic, etc.) as a result of incorrect formulation, implementation, use, calibration, coding and / or use of data.

According to the NBG Order disclosures in the Report are more concentrated on credit, market, counterparty, operational risks and capital adequacy, however, the above-mentioned risks are also covered in the RAF, Internal Liquidity Adequacy Assessment Process (ILAAP) and Internal Capital Adequacy Assessment Process (ICAAP).

5. CAPITAL ADEQUACY

5.1 CAPITAL MANAGEMENT

Crystal's capital management principles are defined in the **Capital Adequacy Policy**, which sets out requirements for adequate capital level and amount, and protects the Microbank against losses and insolvency. The policy is developed in accordance with the NBG and internal requirements.

The policy defines the following principles:

- Ensuring capital adequacy and financial sustainability;
- Risk management;
- Ensuring implementation of strategic plans.

Minimum requirements set by the NBG are included in the RAF with added internal buffers.

Minimum capital requirements and compliance for microbanks are regulated in accordance with the NBG order N111/04 „Regulation on Capital Adequacy Requirements for Microbanks”. The requirements stipulated in this order are based on three pillars according to the capital adequacy framework established by The Basel Committee on Banking Supervision, CRR and 2013/36/EU directive (Capital Requirements Directive - CRD IV).

In addition to the supervisory requirements, credit, market, counterparty and operational risks are part of the model according to the Microbank's Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP defines standard and stress scenario assumptions for these aforementioned risks, compares results to the capital and resources available to cover risks and sets minimum internal requirement for those risks in order to ensure long-term stability. The ICAAP trigger and limit is part of the RAF and monitored monthly on the ALCO.

Microbank's capital adequacy is defined by its **Regulatory Capital**, which is the sum of the following elements:

- 1) **Tier 1** capital, which consists of the following elements:
 - Common Equity Tier 1 capital (**CET1**); and
 - Additional tier 1 capital;
- 2) **Tier 2** capital.

5.2 CAPITAL REQUIREMENTS

Minimum for microbanks is defined as CET 1, Tier 1 and regulatory capital divided by the risk-weighted assets (RWAs). Risk exposures weighted for capital purposes are described in chapter #5.4.

In order to calculate capital ratios, the Microbank uses IFRS figures.

According to the NBG order N111/04 minimum capital requirements are regulated through **Pillar 1, combined** and **Pillar 2 buffers**.

PILLAR 1 BUFFERS

In scope of Pillar 1, the Microbank is required to keep regulatory capital which is always greater or equal to the following minimum requirements:

- CET1 – 4.5% of RWAs;
- Tier 1 – 6.0% of RWAs;
- Regulatory capital – 8.0% of RWAs.

COMBINED BUFFER

Combined buffer is the sum of conservation and countercyclical buffers.

The Microbank is required to keep combined buffer requirements through CET 1 capital.

Conservation buffer is set at 2.5% of RWAs and its purpose is to avoid operating close to the minimum requirements.

Countercyclical buffer is set in the range of 0%-2.5% of RWAs and is reviewed by the NBG on a quarterly basis. Its purpose is to accumulate capital buffers for stressful periods. As of 31 December 2025, the countercyclical buffer stands at 0.50% of RWAs and will increase by 0.25pp every March until March 2027, when it will reach 1%.

PILLAR 2 BUFFERS

Pillar 2 buffers are the sum of net GRAPE (General Risk Assessment Process) and CRA (Credit Risk Adjustment) buffers. Pillar 2 buffers are required in order to cover risks that are not sufficiently covered under Pillar 1.

The Microbank is required to keep CRA buffer requirements through CET 1 capital. Its purpose is to reduce credit risk arising from insufficient expected credit losses created for assets.

Net GRAPE buffer is a buffer established within the framework of discussing the results of the general risk assessment program (GRAPE) for risk categories by the National Bank and the evaluation of the adequacy of the Microbank's internal capital. The purpose of establishing the net GRAPE buffer is to determine an adequate capital buffer for the risks identified within GRAPE that are not covered or inadequately reflected by the capital buffers defined by the Pillar 2 buffers.

Net GRAPE buffer requirement is proportionally incorporated in the requirements based on Pillar 1 minimum requirements. Thus, the Microbank is required to keep net GRAPE buffer requirements as follows:

- CET1 – 56% of net GRAPE buffer;
- Tier 1 – 75% of net GRAPE buffer;
- Regulatory capital – 100% of net GRAPE buffer.

Capital Adequacy Requirements			
	Minimum Requirements	Ratio	Amounts (GEL)
1	Pillar 1 Requirements		
1.1	Minimum CET1 Requirement	4.50%	29,613,030
1.2	Minimum Tier 1 Requirement	6.00%	39,484,040
1.3	Minimum Regulatory Capital Requirement	8.00%	52,645,387
2	Combined Buffer		
2.1	Capital Conservation Buffer	2.50%	16,451,683
2.2	Countercyclical Buffer	0.50%	3,290,337
3	Pillar 2 Requirements		
3.1	CET1 Pillar 2 Requirement	3.21%	21,155,780
3.2	Tier 1 Pillar2 Requirement	3.82%	25,156,829
3.3	Regulatory Capital Pillar 2 Requirement	4.62%	30,421,368
	Total Requirements	Ratio	Amounts (GEL)
4	CET1	10.71%	70,510,830
5	Tier 1	12.82%	84,382,889
6	Total Regulatory Capital	15.62%	102,808,774

5.3 REGULATORY CAPITAL

CET1 capital is the highest quality of regulatory capital held, functioning as a primary cushion to absorb losses immediately when they occur. It is “going concern” capital meaning that is available to absorb losses while the microbank is still operating.

Tier 2 capital should ensure repayments to depositors and senior creditors during liquidation and/or insolvency. It is a “gone concern” capital.

For Crystal, the main sources of CET1 are common shares and retained earnings, which afterwards are decreased by the regulatory adjustments (intangible assets and investments in subsidiaries).

Main source of Tier 2 capital is subordinated debts, which are fully eligible for Tier 2 when the remaining maturity of the instrument is greater than 5 years. Afterwards, it is subject to amortization on straight-line basis for eligibility in Tier 2.

As of 31 December 2025, the weighted average remaining maturity of Crystal's subordinated debts is 4 years, and 67% of total subordinated debts liabilities are eligible for Tier 2.

As of the reporting period, the Microbank was in compliance with the regulatory capital requirements.

Regulatory capital	In GEL
Common Equity Tier 1 capital before regulatory adjustments	106,672,394
Common shares that comply with the criteria for Common Equity Tier 1	3,634,576
Stock surplus (share premium) of common share that meets the criteria of Common Equity Tier 1	22,109,970
Accumulated other comprehensive income	-
Other disclosed reserves	-
Retained earnings (loss)	80,927,848
Regulatory Adjustments of Common Equity Tier 1 capital	8,120,997
Revaluation reserves on assets	-
Accumulated unrealized revaluation gains on assets through profit and loss to the extent that they exceed accumulated unrealized revaluation losses through profit and loss	-
Intangible assets	7,511,206
Shortfall of the stock of provisions to the provisions based on the Asset Classification	-
Investments in own shares	-
Reciprocal cross holdings in the capital of microbanks, commercial banks, insurance entities and other financial institutions	-
Cash flow hedge reserve	-
Deferred tax assets not subject to the threshold deduction (net of related tax liability)	-
Significant investments in the common equity tier 1 capital (that are not common shares) of microbanks, commercial banks, insurance entities and other financial institutions that are outside the scope of regulatory consolidation	-
Holdings of equity and other participations constituting more than 10% of the share capital of other commercial entities	609,791
Other deductions	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Regulatory adjustments applied to Common Equity Tier 1 resulting from shortfall of Tier 1 and Tier 2 capital to deduct investments	-
Common Equity Tier 1	98,551,398
Additional tier 1 capital before regulatory adjustments	-
Instruments that comply with the criteria for Additional tier 1 capital	-
Including: instruments classified as equity under the relevant accounting standards	-
Including: instruments classified as liabilities under the relevant accounting standards	-
Stock surplus (share premium) that meets the criteria for Additional Tier 1 capital	-
Regulatory Adjustments of Additional Tier 1 capital	-
Investments in own Additional Tier 1 instruments	-
Reciprocal crossholdings in Additional Tier 1 instruments	-

Significant investments in the Additional Tier 1 capital (that are not common shares) of microbanks, commercial banks, insurance entities and other financial institutions	-
Regulatory adjustments applied to Additional Tier 1 resulting from shortfall of Tier 2 capital to deduct investments	-
Additional Tier 1 Capital	-
Tier 2 capital before regulatory adjustments	27,051,876
Instruments that comply with the criteria for Tier 2 capital	27,051,876
Stock surplus (share premium) that meet the criteria for Tier 2 capital	-
General reserves, limited to a maximum of 1.25% of the bank's credit risk-weighted exposures	-
Regulatory Adjustments to Tier 2 Capital	-
Investments in own shares that meet the criteria for Tier 2 capital	-
Reciprocal crossholdings in Tier 2 capital	-
Significant investments in the Tier 2 capital (that are not common shares) of microbanks, commercial banks, insurance entities and other financial institutions	-
Tier 2 Capital	27,051,876

5.4 RISK-WEIGHTED ASSETS

Categories and relevant weights of risk exposures (assets) are regulated in accordance with the NBG order N111/04 „Regulation on Capital Adequacy Requirements for Microbanks”.

Based on this regulation, Crystal has implemented Risk Exposure Identification and Classification Policy.

Risk-weighted assets include credit (on-balance, off-balance and counterparty risks), market and operational risk-weighted assets.

Crystal does not use credit risk mitigation techniques allowed by the NBG to decrease level of risk-weighted assets.

Considering its business model, the most significant risk-weighted assets for Crystal are credit risk-weighted assets, in particular, on-balance sheet elements, which mainly arise from credit portfolio. Next important caption is risk-weighted assets for operational risks.

N	Risk Weighted Assets (in GEL)	4Q-2025	3Q-2025	2Q-2025	Chapter
1	Risk Weighted Assets for Credit Risk	475,908,069	468,606,209	470,563,129	
1.1	Balance sheet items	471,190,481	460,539,016	461,008,125	#6.3
1.1.1	Including: amounts below the thresholds for deduction (subject to 250% risk weight)	394,866	1,366,380	1,366,380	
1.2	Off-balance sheet items	610,070	589,013	581,639	#6.3
1.3	Counterparty credit risk	4,107,518	7,478,180	8,973,364	#6.2
2	Risk Weighted Assets for Market Risk	2,260,967	2,753,339	4,930,303	#7.1
3	Risk Weighted Assets for Operational Risk	179,898,297	151,556,554	151,556,554	#8.2
4	Total Risk Weighted Assets	658,067,333	622,916,102	627,049,985	

5.5 LEVERAGE RATIO

Leverage ratio requirements for microbanks are regulated in accordance with the NBG order N109/04 „Regulation on Leverage Ratio Requirements for Microbanks”. The requirements stipulated in this order are based on the framework established by The Basel Committee on Banking Supervision. Leverage ratio is used as a supplement to the risk-based capital adequacy requirements. Its purpose is to avoid excess leverage in the banking sector.

Leverage ratio is calculated as Tier 1 capital divided by the total on-balance and off-balance sheet exposures. The NBG requires the ratio to be higher than 5%. The NBG requirement is included in the RAF with added internal buffer. As of the reporting period, the Microbank was in compliance with the leverage ratio requirement.

Leverage Ratio		
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	670,489,860
2	(Asset amounts deducted in determining Tier 1 capital)	(8,120,997)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	662,368,864
	Derivative exposures	
4	Replacement cost associated with <i>all</i> derivatives transactions	390,257
5	Potential Future Exposure associated with <i>all</i> derivatives transactions	2,614,091
6	Risk positions defined by the Counterparty Credit Risk Regulation	4,206,087
7	Value of collateral received in exchange for derivative instruments	-
8	Total derivative exposures	4,206,087
	Securities financing transaction exposures	
9	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
10	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
11	Counterparty credit risk exposure to SFT assets	-
12	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
13	Agent transaction exposures	-
14	(Exempted CCP leg of client-cleared SFT exposure)	-
15	Total securities financing transaction exposures	-
	Other off-balance sheet exposures	
16	Off-balance sheet exposures at gross notional amount	2,435,484
17	(Adjustments for conversion to credit equivalent amounts)	(1,825,414)
18	Total other off-balance sheet exposures	610,070
	Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off-balance sheet)	
19	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off-balance sheet))	-
20	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off-balance sheet))	-
	Capital and total exposures	
21	Tier 1 capital	98,551,398
22	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	667,185,021
23	Leverage ratio	14.77%
	Choice on transitional arrangements and amount of derecognized fiduciary items	
EU-23	Choice of transitional arrangements for the definition of the capital measure	-
EU-24	Amount of derecognized fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-

6. CREDIT RISK

6.1 CREDIT RISK MANAGEMENT

Credit risk is the risk that a borrower, lessee, or other contractual counterparty fails to fulfil its contractual obligations, as a result of which Crystal may incur a financial loss. Considering Crystal's business model, credit risk represents one of the most material risks for the microbank.

Crystal serves micro, small and medium-sized entrepreneurs, the agricultural segment, households, employed and self-employed individuals, as well as users of leasing products. These segments require high-quality credit analysis, realistic assessment of borrower repayment capacity, continuous portfolio monitoring, and early response mechanisms.

Crystal views credit risk across two main dimensions:

- **Individual transaction risk** – related to the financial condition, repayment capacity, credit history, collateral, and transaction structure of a specific borrower/lessee;
- **Portfolio/concentration risk** – related to the concentration of homogeneous characteristics, segments, products, geography, credit quality, or other risk factors within the portfolio.

OBJECTIVE AND PRINCIPLES

The objective of Crystal's credit risk management is to ensure sustainable portfolio growth, timely identification of credit losses, control of portfolio quality, and maintenance of the risk level within the Microbank's strategy and risk appetite framework.

The objective of Crystal's credit risk management is to ensure sustainable portfolio growth, timely identification of credit losses, control of portfolio quality, and maintenance of the risk level within the Microbank's strategy and risk appetite framework.

Credit risk management is based on the following **principles**:

- Responsible lending – a loan/lease should be granted only when the borrower's or lessee's repayment capacity is substantiated and servicing the obligation does not lead to over-indebtedness. An exception applies to asset-/collateral-based lending.

- Independent risk assessment – the risk function is involved in the credit decision-making process, particularly in cases where the transaction amount, complexity, or risk profile requires additional analysis.
- Risk-based approach – customer assessment includes external credit bureau data, internal score/rating, quality of income, credit history, collateral, repayment capacity ratios, and other relevant factors.
- Control of limits and concentrations – portfolio structure and credit growth are managed within the limits defined by the risk appetite and credit policy.
- Early response – when signs of deterioration in portfolio quality are identified, Crystal applies preventive measures, including restrictions at the level of credit channels, branches, products, or specific employees.
- Control of exceptions – exceptions from the credit policy must be documented, identifiable, and subject to periodic monitoring.
- Data-driven management – credit risk management is based on portfolio analytics, behavioral data, early indicators, and IFRS 9/ECL models.

RESPONSIBILITIES

In managing credit risk, Crystal relies on the **three lines of defense** principle, to ensure a clear separation of responsibilities for risk identification, assessment, control, and independent oversight.

First line of defense – Commercial function. Commercial structural units are responsible for managing the initial relationship with the customer, receiving loan/lease applications, collecting primary information, conducting financial analysis, identifying the key risks of the customer and transaction, and preparing the application for consideration by the Credit Committee. The first line is also responsible for compliance with credit policy requirements, realistic assessment of the customer’s business and income, and complete presentation of the information required for the credit decision.

Second line of defense – Risk management structural units. The second line includes the Risk Directorate and the Credit Risk Management Department, which ensure the development, implementation, and monitoring of the credit risk management framework, policies, methodologies, limits, and control mechanisms. The second line participates in individual credit decisions within the established limits and authorities, monitors portfolio quality, tracks early warning indicators, prepares recommendations, and ensures reporting to management and relevant committees.

Third line of defense – Internal Audit. Internal Audit independently assesses the effectiveness of the credit risk management framework, internal controls, policies, and processes. The third line reviews whether credit risk management procedures are properly implemented and whether the controls of the first and second lines operate effectively.

The **Credit Risk Management Department** is a structural unit subordinated to the Risk Directorate and consists of two main functions:

- Underwriting Unit;
- Portfolio Risk Unit.

Credit risk is also included in the RAF, which establishes internal triggers and limits. This framework is an important component of the credit risk management process and is used in decision-making, risk assessment, and the definition of control mechanisms. The risk appetite includes internal indicators such as cost of risk to total portfolio, portfolio quality indicators, write-off and restructuring ratios, and portfolio concentration limits.

On a monthly basis, the Credit Risk Management Department prepares reporting and trend analysis on the above indicators, together with relevant recommendations, which are presented to the **Portfolio Risk Management Committee** and to the RMC on a quarterly basis.

REGULATORY REQUIREMENTS

According to NBG order 117/04 on „Risk Exposure Concentration and Large Risk for Microbanks“, microbank’s risk position to one borrower or related group including other types of borrowings must not exceed GEL1 mln. Additionally, the aggregate risk position of all large exposures must not exceed 100% of microbank’s Tier 1 capital.

A large exposure means a microbank’s risk position to one borrower or related group which equals or exceeds GEL 500,000.

As of the reporting date, the Microbank complied with the above-mentioned limits established by the NBG for large exposures. This requirement is assessed on an aggregate basis, considering other risk positions related to counterparty credit risk, which are described in #6.2 chapter.

Capital requirements related to the credit portfolio are described in #6.3 chapter.

POLICY

Crystal's **Credit Policy** is the main regulatory document governing lending and leasing activities. The policy defines the objectives, strategy, priorities, credit risk management standards, key principles, and directions of credit activities.

The Credit Policy is approved by the Supervisory Board and establishes minimum requirements that are mandatory for all structural units and employees involved in credit activities. The policy also serves as a framework for other internal normative documents.

The Credit Policy places particular emphasis on:

- defining target customer groups;
- eligibility criteria and financing scope;
- lending limits and groups of related borrowers;
- identification of environmental and social risks;
- product characteristics, maturity, currency, interest rate, and fees;
- credit risk assessment tools;
- Credit Committee and approval limits;
- rules for managing problem loans, restructuring, and write-offs;
- credit control and monitoring;
- credit loss provisioning.

APPLICATION PROCESSING AND DECISION-MAKING

In addition to the above policy, the Microbank has implemented additional internal rules, procedures, and instructions that regulate specific processes and ensure the effective practical implementation of the credit risk management framework.

At Crystal, credit decisions are made in accordance with the Credit Policy, Credit Committee levels, and individual limit matrices. Decision-making channels and authorities depend on the product type, amount, credit risk profile, and application processing channel.

Credit applications may be processed through different channels, including an automated loan application approval process. Automated decisions are applied only within pre-defined conditions and limits.

CREDIT RISK ASSESSMENT TOOLS

For micro loans, Crystal uses a scoring model and an automated decision-making system, which enables standardized, fast, and data-driven assessment within pre-

defined criteria. The automated decision-making system is used only when an application meets the established parameters, limits, and credit policy requirements. Higher-risk, higher-amount, or non-standard applications are subject to additional underwriting review.

Credit risk assessment is based on quantitative and qualitative analysis. The following tools are used when assessing an individual application:

- external credit bureau score and credit history;
- internal score/rating/risk class;
- structure and sustainability of the borrower's income;
- PTI (payment to income) or DSCR (debt service coverage ratio) ratios, depending on borrower type and product;
- quality of collateral, market value, and LTV (loan to value);
- customer experience, business stability, and level of business formalization;
- payment behavior and parallel liabilities;
- risks related to the product, purpose, currency, and maturity;
- environmental and social risk screening, where applicable.

The Credit Policy requires that all customers are assessed and that the assessment results are stored in the database.

PORTFOLIO MONITORING AND EARLY RESPONSE MECHANISMS

Portfolio monitoring is an important component of credit risk management. Crystal monitors portfolio quality at the levels of the total portfolio, product, segment, branch, region, credit channel, credit officer, and type of credit decision.

The key monitoring indicators include:

- PAR30 / PAR90 – portfolio at risk;
- NPL / GLP (non-performing loans/gross loan portfolio);
- share of Stage 2 and Stage 3 portfolio;
- volume and quality of the restructured portfolio;
- write-offs and write-off ratio;
- cost of credit risk;
- ECL / GLP and NPL Coverage (expected credit losses/ gross loan portfolio);
- quality of new disbursements;
- FPD/SPD (First Payment Default and Second Payment Default) and early delinquency indicators;

- exceptions from the Credit Policy;
- distribution of credit bureau grades;
- control of high-risk products and branches.

In 2025, the credit risk management approach became more proactive. The risk management function not only responds to already materialized issues but also uses early signals to restrict or change high-risk practices in a timely manner. Where necessary, automated approvals may be restricted at the level of a specific employee, branch, product, or channel; specific quantitative and qualitative remediation criteria may be defined; and additional training, field visits, or joint working meetings with business and underwriting may be planned.

CREDIT RISK MITIGATION

Crystal uses both preventive controls and subsequent portfolio monitoring to mitigate credit risk. The key mitigation mechanisms are:

- centralized underwriting;
- Credit Committee levels and authority limits;
- Credit Policy requirements;
- use of credit bureau information and internal ratings;
- repayment capacity ratios;
- collateral and LTV requirements;
- portfolio diversification;
- limits on product, grade, collateral, and other concentrations;
- monitoring of exceptions from the Credit Policy;
- early management of problem loans;
- use of ECL models for timely recognition of expected losses.

Collateral is considered an important, but not the sole, credit risk mitigation tool. When approving a loan/lease, Crystal's primary focus remains on the borrower's actual repayment capacity, quality of income, and ability to service the obligation.

PROBLEM LOAN MANGEMENT, RESTRUCTURING AND WRITE-OFFS

Problem loan management is an important stage of credit risk control. Crystal's objective is timely identification of problem exposures, appropriate response, and minimization of losses. Problem asset management is carried out with the

involvement of relevant structural units, including underwriting, portfolio risk, problem asset management, and business functions.

Restructuring is used in cases where the borrower or lessee faces financial difficulty, but there is a realistic possibility of restoring the capacity to service the obligation. A restructuring decision should be based on an assessment of the borrower's financial condition, prospects for restoring repayment capacity, collateral position, and expected loss assessment.

Restructuring should not be used only for the formal postponement of overdue payments. The decision must be economically justified and focused on reducing expected loss.

Write-off is carried out when the prospects of recovering a financial instrument are significantly limited or when defined by internal policy/supervisory requirements. Despite the write-off, recovery activities may continue, where necessary, through the relevant legal and collection processes.

IFRS 9 / ECL

Expected credit loss (ECL) assessment is one of the important components of credit risk management. Crystal assesses ECL provisions in accordance with IFRS 9 requirements, using a three-stage model.

The general approach is as follows:

- **Stage 1** – financial instruments for which credit risk has not increased significantly since initial recognition; the provision is calculated based on 12-month ECL;
- **Stage 2** – financial instruments for which a significant increase in credit risk has been identified since initial recognition; the provision is calculated based on lifetime ECL;
- **Stage 3** – impaired/defaulted financial instruments; the provision is calculated based on the relevant assessment of defaulted assets, including expected recoveries.

The ECL model uses the following key components:

- **PD** – Probability of Default;
- **LGD** – Loss Given Default;
- **EAD** – Exposure at Default;
- **FLI** – Forward-looking / macroeconomic information.

For the loan portfolio, PD modelling is based on historical data, behavioral characteristics, and customer characteristics, including the use of a survival analysis approach. LGD is based on historical recoveries and collateral value-based assessments, including, for the auto segment, the realization value of collateral, the time required for realization, and related costs. EAD is based on loan amortization and expected exposure at the time of default. Forward-looking information is used to adjust PD based on selected macroeconomic factors.

A separate ECL methodology applies to the leasing portfolio, considering the specifics of lease contracts, the value of leased assets, the determination of EAD based on lease obligations and repayment schedules, and the assessment of LGD using an approach appropriate for the leasing segment.

The ECL calculation is used not only for financial reporting purposes but also as an important analytical tool for credit risk management. The model results help management assess portfolio risk trends, identify high-risk segments, and define appropriate action plans.

6.2 COUNTERPARTY RISK MANAGEMENT

Crystal's counterparty (credit) risk management principles are defined in the **Counterparty Risk Management Policy**, which sets out internal triggers and limits aligned with the NBG requirements. Moreover, the policy defines counterparty internal limits, maximum amount and maturity of the limits. Counterparty limits regulate risks arising from treasury operations. Accordingly, a major part of the limits are banks and other financial organizations.

Maximum limits per counterparties are approved by the ALCO and the **Treasury** department is responsible to comply with the limits. While managing the counterparty risk, the basic principle is the management of counterparty limits, which involves an in-depth assessment of the counterparty by the **Financial Risks** when approving a new limit or revising an existing one. The Treasury initiates the approval process. During assessment process, both qualitative and quantitative characteristics are considered.

REGULATORY REQUIREMENTS

Capital requirement for counterparty risk is regulated by the NBG order N8/04 „Regulation on Counterparty Credit Risk”. The regulation is in force from 31 January 2025, and ensures prudent and timely management of derivative risk through capital.

In addition, separate limit is set by the NBG according to the order N117/04 „Risk Exposure Concentration and Large Risk for Microbanks“. According to this order, microbank’s risk position to commercial bank/microbank or group including one or more commercial bank/microbank, must not exceed 25% of microbank’s Tier 1 capital.

The large exposure requirement is included in the RAF with added internal buffer and is monitored monthly on the ALCO. As of the reporting period, the Microbank was in compliance with the NBG limit for large exposure to banks/microbanks.

Counterparty risk exposures and relevant weights are regulated by the NBG order N8/04 „Regulation on Counterparty Credit Risk“, which is in compliance with the Basel III framework established on CRR regulation N575/2013. This order defines methods for counterparty credit risk calculation (standardized, simplified standardized, current risk exposure method), which is derived from assessment of the Microbank’s total nominal amount of derivatives, total assets and the limit of amount according to the order for each reporting period (month).

As of reporting date, Crystal uses **Standardized Approach** for counterparty risk-weighted assets and derivative contracts are signed only with commercial banks.

For counterparty risk weights the Microbank uses credit ratings from external credit assessment institutions (ECAI) according to the requirements of the NBG order N111/04.

In scope of ICAAP counterparty credit risk calculations, the Microbank first uses Fitch credit ratings (in case of absence, S&P/Moody’s/Scope), in case of absence rating of the parent company of the counterparty, and lastly the rating of the country of jurisdiction.

Derivative contracts	Nominal Amount	Current Market Value (CMV)	Collateral Value	Replacement Cost (RC)	Potential Future Exposure (PFE)	Supervisor y Alfa Factor (α)	Exposure at Default
Contracts with Commercial Banks							
<i>Calculated under Standardized Method</i>	286,186,624	(12,813,253)	-	390,257	2,614,091	1.4	4,206,087
<i>Calculated under Simplified Standardized Method</i>	-	-	-	-	-	1.4	-
<i>Calculated under Original Risk Exposure Method</i>	-	-	-	-	-	1.4	-
Total	286,186,624	-	-	390,257	2,614,091	1.4	4,206,087

Weights of Derivative contracts	2%	20%	35%	50%	75%	100%	150%	Counterparty Credit Risk Weighted Risk Exposures
Contracts with Commercial Banks								
<i>Calculated under Standardized Method</i>	-	-	-	197,139	-	4,008,949	-	4,107,518
<i>Calculated under Simplified Standardized Method</i>	-	-	-	-	-	-	-	-
<i>Calculated under Original Risk Exposure Method</i>	-	-	-	-	-	-	-	-
Total	-	-	-	197,139	-	4,008,949	-	4,107,518

6.3 CREDIT RISK-WEIGHTED ASSETS

Credit Risk Weighted Exposures	On-balance Exposures								Risk Weighted Exposures before Credit Risk Mitigation
	0%	20%	35%	50%	75%	100%	150%	250%	Weighted
Claims or contingent claims on central governments or central banks	16,374,130	-	-	-	-	-	-	-	-
Claims or contingent claims on commercial banks and microbanks	-	397,183	-	10,836,131	-	376,768	-	-	5,874,270
Retail claims or contingent retail claims *	-	-	-	-	562,658,040	-	-	-	421,993,530
Past due items	-	-	-	-	-	2,199,286	1,042,241	-	3,762,647
Other items	29,517,349	-	-	-	-	38,572,871	-	394,866	39,560,035
Total	45,891,479	397,183	-	10,836,131	562,658,040	41,148,924	1,042,241	394,866	471,190,481

* Off-balance items after credit conversion factor are also part of retail class with the total amount of GEL 610,070 weighted at 100%.

The table shows that out of total on-balance exposures retail claims weighted at 75% are the most significant exposures, which is derived from loan and leasing

portfolios. More than 90 days overdue part of such portfolio is included in Past Due Items. The most significant exposure in Other Items weighted at 100% is the sum of property, plant and equipment and right-of-use-asset. Claims to commercial banks/microbanks are mostly weighted at 50% which represent amounts on nostro/deposits accounts in foreign currency with local commercial banks. Claims to central banks weighted at 0% is corresponding account balance in GEL with the NBG.

Even though the table shows weighted exposures before credit risk mitigation, as already mentioned, Crystal does not use credit risk mitigation techniques allowed by the NBG, so as the weighted amounts after the mitigation are the same.

7. MARKET RISKS

7.1 FOREIGN CURRENCY RISK MANAGEMENT

Requirements for foreign currency (FX) risk for microbanks is regulated in accordance with the NBG order N133/04 „Regulation on Aggregate Open Currency Position” (OCP).

An open currency position is the difference between assets and liabilities in foreign currencies. Data are calculated according to the IFRS.

If assets in foreign currency are in excess of liabilities, this is called "long position" whereas the cases when the assets are less than liabilities are referred to as "short position". Position is "closed" when the difference between foreign currency assets and liabilities is zero.

The aggregate open currency position is the greater between the sum of long open currency positions and the sum of short open currency positions according to balance sheet and off-balance sheet items for all foreign currencies.

Crystal's currency risk management principles are defined in the **Foreign Currency Risk Management Policy**, which sets internal triggers and limits against aggregate open currency position. The definition and calculation basis of aggregate open currency position is aligned with the NBG requirements.

In conditions of an open currency position, exchange rate changes may result in losses affecting Crystal's profitability and capital capacity.

The **ALCO** and the **Financial Risks** are responsible for foreign currency risk monitoring. The **Treasury Department** is responsible for the daily management of the OCP.

REGULATORY REQUIREMENTS

The NBG requirement of aggregate open currency position is set at $\pm 20\%$ of regulatory capital, which is also included in the RAF considering internal trigger/limit.

As of the reporting period, the Microbank was in compliance with the NBG limit.

As part of market **risk-weighted assets**, aggregate open currency position is weighted at 100% added risk position from Credit Valuation Adjustment (**CVA**) risk. The aggregate open currency position as of 31 December 2025 is GEL1,426,126. CVA risk along with the counterparty risk is regulated by the NBG order N8/04 „Regulation on Counterparty Credit Risk”. RWA for CVA is calculated by the CVA

capital requirement multiplied by 12.5. Capital requirement is calculated with the same method as for counterparty risk (chapter #6.2). CVA risk is treated as a form of market risk because it is realized through changing market values of counterparty exposures and represents the adjustment to the interim revaluation of counterparty portfolio.

Counterparty credit risk weighted risk exposures -Credit Valuation Adjustment (CVA)	Risk Exposure Discounted for Credit Valuation Adjustment	Credit Valuation Adjustment Expense	Written-off Credit Valuation Adjustment Expense	Counterparty Credit Risk Credit Valuation Adjustment risk weighted Risk Exposures
Credit Valuation Adjustment	4,166,372	66,787	-	834,840
<i>Calculated under Standardised Method</i>	4,166,372	66,787	-	834,840
<i>Calculated under Simplified Standardised Method</i>	-	-	-	-
<i>Calculated under Original Risk Exposure Method</i>	-	-	-	-

7.2 INTEREST RATE RISK MANAGEMENT

Crystal's interest rate risk management principles are defined in the **Interest Rate Risk Management Policy**. The purpose of the policy is to establish principles and standards for risk management and protect Crystal from potential losses caused by changes in interest rates. The Microbank has gaps between assets and liabilities in different periods of time, which can potentially lead to losses while changing interest rates.

The **ALCO** and **the Financial Risks** are responsible for foreign currency risk monitoring.

The policy is in accordance with the NBG requirement and defines internal trigger of the regulatory limit, which is also part of the RAF. The NBG set limit of 15% to the Economic Value Impact (EVI) in relation to the Tier 1 capital. The EVI reflect sthe impact of changes in interest rates on Crystal's capital, which is a result of repricing bank book positions. As a result of changes in interest rates, the net present value of future cash flows is changed, which in turn changes the corresponding assets, liabilities, external balance sheet items and their economic value. The NBG methodology is based on the total future cashflows.

The repricing gap shall arise from the structural difference between assets and liabilities within the different time baskets. The repricing gap is the difference between assets and liabilities in a specific time basket. If assets are greater than

liabilities in a particular time basket, then the repricing gap is positive. If the liabilities are more than the assets, then the repricing gap is negative.

According to the internal methodology, the Microbank uses cashflows from only principals of interest rate sensitive positions. In scope of internal model, the Microbank calculates both EVI and impact on the Net Interest Income (NII), which calculates the impact of interest rate shocks on Crystal's profit/loss.

Both regulatory and internal requirements are presented to the ALCO monthly.

8. OPERATIONAL RISK

8.1 OPERATIONAL RISK MANAGEMENT

Crystal manages operational risks in accordance with the NBG order N140/04 „Regulation on Operational Risk Management for Microbanks”, which is based on standards established by The Basel Committee on Banking Supervision, ensuring a unified and consistent approach to risk assessment and management.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. This definition includes legal risk but excludes strategic and reputational risks.

Operational risk management at Crystal is carried out within a unified framework of internal policies and procedures, which define the principles, approaches, and responsibilities for risk management across the organization.

The Microbank has established key policies related to operational risk, including:

- Operational Risk Management Policy;
- Business Continuity Policy;
- Fraud and Other Unscrupulous Actions Prevention Policy;
- Outsourcing Policy.

In addition to these policies, the Microbank has implemented internal rules, procedures and guidelines which regulate specific processes and ensure the effective practical implementation of the operational risk management framework.

Operational risk is also incorporated into the Microbank’s **risk appetite**, which sets internal triggers and limits and serves as a tolerance framework. The RAF is a key component of the operational risk management process and is used in decision-making, risk assessment, and the determination of control mechanisms. The **NBG** does not specify any amount-related or quantitative limits for operational risk for microbanks. Accordingly, the Microbank’s risk appetite includes internally defined indicators, such as expected annual loss, based on statistical data from the past two years.

RESPONSIBILITIES

The operational risk management framework is based on the **three lines of defense** model, which ensures a clear allocation of roles and responsibilities across the organization and effective coordination in the process of risk identification,

assessment and management. The responsibilities of the Supervisory Board, the Board of Directors, and the Operational Risk function are distributed as follows:

- **Supervisory Board** ensures overall oversight of operational risk management and defines the Microbank's risk appetite and tolerance framework. It approves policies related to operational risk and oversees their effective implementation. The RMC regularly reviews operational risk reports, assesses the alignment of the Microbank's risk profile with the defined risk appetite, and ensures that significant risk events and changes are discussed at the higher level.
- **Board of Directors** is responsible for the implementation and effective functioning of the operational risk management framework. It ensures that operational risk management is integrated into the Microbank's day-to-day activities, defines relevant policies and procedures, approves management approaches, and ensures the availability of adequate resources. The management team is also responsible for identifying and assessing risks within the decision-making process and for fostering an appropriate risk culture across all levels of the organization.
- **Operational Risk Unit** is responsible for the development of the operational risk management framework, as well as for providing methodological support and ongoing monitoring. The unit coordinates risk identification, assessment and reporting processes, performs individual risk assessments, participates in the evaluation of new initiatives, and monitors the implementation of recommendations. In addition, it ensures the recording of operational risk events and losses, along with the analysis of relevant data, thereby contributing to the enhancement of the control environment.

This model ensures independence, transparency, and an effective control environment within the operational risk management process across the Microbank.

OPERATIONAL RISK IDENTIFICATION TOOLS

Crystal ensures systematic identification and assessment of operational risks across its ongoing activities and existing processes. This process includes the analysis of products, services, processes, and systems, based on which potential risks and corresponding control mechanisms are determined:

- **New Risk Assessment (NRA)** – The Microbank has implemented a pre-assessment process for new activities, products, processes, and systems

(New Risk Assessment – NRA), which ensures the identification of potential operational risks prior to implementation. Within the NRA process, planned changes are analyzed, associated risks are assessed, and necessary control mechanisms are defined. This enables the Microbank to evaluate in advance the impact of an initiative on its risk profile and make informed decisions regarding its implementation. This approach supports proactive risk management and reduces potential adverse impacts on the Microbank's operations.

- **Risk Event Database (RED)** – The Microbank performs systematic recording and analysis of operational risk events and related losses through the Risk Event Database (RED). Within the RED, both actual incidents and their root causes are identified, enabling the detection of control environment weaknesses and the planning of appropriate improvement measures. This information is also used for risk trend analysis and to support management decision-making.
- **Whistleblowing Mechanism** – The Microbank has implemented a whistleblowing mechanism that allows employees and other stakeholders to report potential violations, fraud, or unethical conduct confidentially or anonymously. This mechanism is a key component of the operational risk management framework and supports early identification of risks and strengthening of the control environment.
- **Key Risk Indicators (KRI)** – KRIs involve the monitoring of significant risks defined by the Microbank. These indicators support the early identification of potential risks, their timely assessment, and the implementation of appropriate preventive or mitigating measures.
- **Follow-up Mechanism** – This includes monitoring the implementation of recommendations issued by the operational risk unit and, where necessary, defining additional measures. It ensures the effective management of identified risks and reduces the likelihood of recurrence.
- **Risk and Control Self-Assessment (RCSA)** – The Microbank conducts the Risk and Control Self-Assessment (RCSA) process within the operational risk management framework, serving as an important tool for the individual assessment of existing processes, products, and systems. Within the RCSA, operational risks related to activities are identified and assessed, and the effectiveness of existing control mechanisms is analyzed. The purpose of the process is the timely identification of potential and existing risks and the definition of appropriate mitigation measures.

The process is carried out with the active involvement of business units, which are responsible for assessing risks within their processes and for implementing and enhancing control mechanisms. The Operational Risk function ensures methodological support, coordination, and consolidation of results across the organization.

FRAUD AND OTHER UNSCRUPULOUS ACTIONS PREVENTION

Crystal has implemented a framework for managing fraud and other unscrupulous actions, which aims to ensure the identification, prevention, detection, and timely response to related risks, including the prevention of misuse of the Microbank's information security resources. This framework represents an important component of the operational risk management system and is integrated into the Microbank's day-to-day activities.

The management of fraud cases is coordinated by the Operational Risk Unit, which ensures the organization and execution of the investigation process. Where necessary, relevant structural units are involved in the process, ensuring a comprehensive and objective assessment of each case.

The Microbank has established mechanisms that enable the identification of both internal and external fraud cases. Identified or suspected cases are subject to appropriate investigation, during which facts are established, root causes are analyzed, and the effectiveness of control mechanisms is assessed.

Upon completion of the investigation, a final report is prepared and submitted to the designated responsible persons or bodies. Critical or high-impact cases are escalated and reviewed at the level of the Microbank's managing bodies.

OUTSOURCING RISK MANAGEMENT

Outsourcing risk management in the Microbank is carried out within the framework of the relevant policy and the operational risk management framework, ensuring the identification, assessment, and management of risks associated with third-party services.

The Microbank ensures that, at the stage of assessing new activities, products, and processes, the outsourcing component is identified. This assessment is performed within the NRA process, enabling the Microbank to identify in advance operational risks arising from third-party involvement and to evaluate their impact on the Microbank's risk profile.

The assessment of outsourcing-related risks includes the analysis of the nature, criticality, and significance of the service, as well as the associated potential risks. Based on this assessment, appropriate control mechanisms are defined, aiming to ensure service continuity, quality, and security.

BUSINESS CONTINUITY MANAGEMENT

Business continuity management at Crystal is carried out within the framework of the relevant policy and the operational risk management framework, aiming to ensure the continuity of critical activities and the rapid recovery of operations in the event of disruptions or emergencies.

Business continuity management is a key component of the Microbank's operational risk management system. The operational risk unit is responsible for developing and coordinating the relevant framework, plans, and processes, while business units are responsible for implementing the defined processes within their areas and maintaining appropriate readiness.

The Microbank has developed a **Business Continuity Plan (BCP)**, which defines actions to be taken in the event of various types of disruptions or crisis situations.

The Microbank ensures periodic testing of business continuity plans, aimed at assessing their effectiveness and identifying potential gaps. The results of these tests are used to enhance the plans and improve the overall level of organizational readiness.

OPERATIONAL LOSSES

The table below presents annual data on operational risk losses, broken down by categories, reflecting the key trends in the Microbank's risk profile.

Information about historical operational losses	2025
Total amount of losses	92,706
Total amount of losses exceeding GEL 10,000	51,314
Number of events with losses exceeding GEL 10,000	3
Total amount of 5 biggest losses	68,779

8.2 REGULATORY REQUIREMENTS

According to the NBG order N111/04 „Regulation on Capital Adequacy Requirements for Microbanks”, microbanks are required to hold the minimum level of capital for operational risks.

Risk-weighted assets for operational risks are calculated by the capital requirement multiplied by 12.5. Microbanks are only allowed to use the **Basic Indicator Approach** to calculate capital required for operational risks. The capital required is 15% of the indicator, which is calculated as follows:

- The relevant indicator is defined as the average of the sum of net interest income and net non-interest income over the last three years;
- The three-year average is calculated on the basis of the last three twelve-month observations at the end of the financial year;
- If the sum of net interest income and net non-interest income for any indicator is negative or equal to zero, this figure shall not be taken into account in the calculation of the three-year average. Accordingly, for calculating the operational risk capital, the figure which is equal to the the sum of positive indicators divided by number of years when this indicator was positive will be taken;
- The indicator is expressed as the sum of the following elements: Interest income, Interest expense, Income from shares, Commission income and expense, Net gain/loss from financial operations, Other operating income. Each element should be included in the sum regardless of its positive or negative sign.

N	Operational risks - basic indicator approach	2025	2024	2023	Average of sums of net interest and net non-interest income during last three years	Risk Weighted asset (RWA)
1	Net interest income	117,187,763	101,487,058	82,580,157		
2	Total Non-Interest Income	(9,726,195)	(232,196)	(3,332,319)		
3	<i>less: income (loss) from selling property</i>	29,365	81,987.48	15,640.01		
4	Total income (1+2-3)	107,432,203	101,172,875	79,232,198	95,945,759	179,898,297

9. LIQUIDITY AND FUNDING RISKS

9.1 LIQUIDITY AND FUNDING RISKS MANAGEMENT

Crystal's liquidity and funding risk management principles are defined in the **Liquidity Risk Management Policy**, which sets out requirements for adequate liquidity levels, and protects the Microbank against short-term liquidity shortages and long-term financing risks.

The Microbank identifies two types of liquidity risk: shorter-term (solvency) risk and longer-term (structural) funding risk.

Liquidity risk arises when the Microbank cannot repay its current and future liabilities and covers a time horizon up to one year.

Funding risk is the event when the Microbank is unable to obtain long-term financing from international financial institutions/banks/local money market or is able to obtain financing at significantly increased interest rates. By its content, the funding risk is long-term and covers a time horizon of more than one year.

The Microbank has robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons to ensure that it maintains adequate liquidity buffers.

In addition to an adequate quantitative framework for assessing liquidity adequacy, qualitative characteristics ensure that liquidity adequacy is actively managed. This includes monitoring of liquidity adequacy metrics to identify and assess potential threats over different time horizons, including intraday, in a timely manner, drawing practical conclusions and taking preventive action to ensure that regulatory and internal liquidity buffers remain adequate.

The Liquidity Risk Management Policy is developed in accordance with the NBG and internal requirements. The policy is correlated with the Internal Liquidity Adequacy Assessment Process (**ILAAP**), which is integrated into the business, decision-making and risk management processes of the Microbank in order to maintain adequate liquidity on an ongoing basis. The quantitative and qualitative aspects of the ILAAP are consistent with each other and with the Microbank's business strategy and risk appetite. The ILAAP is an integral part of the overall management framework, and it also implicates the RAF trigger/limits, covering internal/external requirements and financial covenants' thresholds. The ILAAP describes management of liquidity and funding risk both under normative and economic perspectives, actual and forecasted liquidity buffers, and stress tests.

Minimum requirements set by the NBG are included in the RAF with added internal buffers.

The goals of prudent management of liquidity risk are as follows:

- Ensure availability of sufficient liquid funds and adequate level of liquidity in a stressful situation in all relevant currencies.
- Ensure compliance with the liquidity risk regulations established by the National Bank (Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)).
- Ensure continuous monitoring of expected inflows and outflows in the future, analysis of planned large transactions and assessment of the impact of these transactions on the liquidity risk position.
- Ensure constant monitoring of business activities, assessment of the impact that increase/decrease of loan portfolio and deposit portfolio may have on liquidity risk position.

In addition to the regulatory requirements (LCR and NSFR), the Microbank calculates the following indicators: 3-months liquidity horizon, interbank market dependence ratio and deposit concentration indicator. These indicators are also included in the RAF along with LCR and NSFR, and are presented monthly on the ALCO.

3-months liquidity horizon shows whether the existing highly liquid assets are sufficient to cover the outflows planned for the next three months, taking into account the contractual inflows setting minimum period of 3 months. Interbank market dependence ratio and deposit concentration indicator are restricting overreliance on depositors and banks.

RESPONSIBILITIES

The **ALCO** and the Financial Risks are responsible for liquidity risk management. The **Treasury and Financial Risks**, together with the directors, are directly responsible for the implementation of the liquidity risk management policy.

To avoid conflict of interest, the Treasury and Financial Risks are functionally separated in the organizational structure while the Treasury reports to the Financial Director and Financial Risks report to the Risk Director.

Additionally, Financial Risks and Treasury work together with the **Funding and Investor Relations Department** to manage liquidity to ensure both operational needs and sufficient regulatory buffers. The Funding and Investor Relations Department reports to the Financial Director. The department represents the link

between the Microbank and the capital market and is responsible for communicating with investors.

Treasury department is also responsible for keeping sufficient operational liquidity in all relevant currencies on a daily basis. Crystal invests own funds in high quality liquid assets for liquidity risk purposes both on regulatory and operational levels. While investing the liquid assets, the ultimate goal is to ensure that all investments/ deposits carry low risk and are also well-diversified. Additional information for choosing counterparties is described in chapter #6.2.

As of 31 December 2025, Crystal does not hold encumbered assets pledged for funding purposes.

9.2 REGULATORY REQUIREMENTS

Requirements for liquidity and funding risks for microbanks are regulated in accordance with the NBG order N138/04 „Regulation on Liquidity Coverage Ratio for Microbanks” (LCR) and N134/04 „Regulation on Net Stable Funding Ratio for Microbanks” (NSFR).

The purpose of the **LCR** is for the microbank to own liquid assets that will be sufficient to cover the total net cash outflow in times of financial stress. This requires the bank to maintain an adequate liquidity supply that will allow the microbank to cope with the expected difference between the inflow and outflow of liquid funds under 30-day stress. LCR is monitored separately in local currency, foreign currencies and total currencies, and the NBG minimum requirement is 7%, 100% and 100%, accordingly.

The purpose of the **NSFR** is to require microbanks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a microbank’s regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability. NSFR is monitored only in total currencies, and the NBG minimum requirement is 100%.

As of the reporting period, the Microbank was in compliance with the LCR and NSFR requirements. The relevant data is given in chapter #1.3. In addition, LCR for illustrative purposes (Basel and NBG quarter averages) and details on NSFR are given in chapter #13.

10. AML AND COMPLIANCE RISKS

The **AML and Compliance Department's** AML unit aims to protect the Microbank from existing and potential risks related to AML/CFT/Sanction.

The AML/CFT function of the Microbank is a line of defense against the misuse of the financial system for financial crimes and combating the Financing of Terrorism. The activities of the AML Unit are based on a risk-based approach, which ensures targeted allocation of resources and, at the same time, ensures compliance with international standards. This unit actively cooperates with the internal structural units of the Microbank, which strengthens the Microbank's ability to effectively respond to the challenges associated with financial crimes and global sanctions.

The AML/CFT/Sanction risk management framework in Crystal is designed in accordance with the country's legislative/regulatory framework and includes security measures in the form of internal policies, rules, processes, as well as implemented systems. The AML Unit ensures the creation and management of an effective internal control system.

The management framework consists of the following components:

- Policies and internal rules;
- Processes that are specified in the internal regulatory documents of the relevant products/services
- List of prohibited activities (Exclusion List)
- KYC (Know Your Customer) standard;
- Data recording;
- Monitoring of transactions and behavior;
- Suspension of transaction execution;
- Selection and training of employees;
- Involvement in the approval process of new products and services.

Compliance Unit is responsible for identifying significant risks related to the implementation of the regulatory framework, both legislative and internal policies, procedures, rules, and standards of the Microbank by implementing the necessary effective processes to mitigate these risks and supporting the appropriate control mechanisms.

Compliance Unit is not responsible for the actual implementation of existing legislative/regulatory norms; this is the responsibility of the relevant divisions/departments. To perform the above-mentioned function, the Compliance Unit is based on the following concept:

- The Compliance Unit should act independently;
- Ensure compliance with the law, regulations, internal rules of the Microbank, and professional standards;
- Ensure the existence of an appropriate system through which the internal control mechanisms of the Microbank (internal rules, processes, policies) will be assessed, both for existing products and services, and in the case of the introduction of a new product/service;
- Assist the Board of Directors of the Microbank in ensuring compliance with compliance rules and standards, and provide information on innovations in this area;
- Identify and assess compliance-related risks;
- Assist the Board of Directors of the Microbank in managing and controlling such risks;
- Report directly to the Board of Directors on issues of material importance;
- Perform the function of a coordinator and liaison in relations with external parties and internal structural units of the Microbank, regarding regulatory and other local legislation;
- Protect consumer rights and coordinate the relevant process;
- Inform and educate personnel.

Pursuant to the regulatory legislation and norms, the Compliance Unit ensures the supervision of related party transactions on an “Arm’s Length Principle”. The Microbank conducts its activities in such a way as to avoid compliance risks. The Microbank’s zero tolerance for these risks is also reflected in its risk appetite.

11. REMUNERATION POLICY

Crystal considers its remuneration system as one of the key mechanisms for ensuring the organization's long-term sustainable development, attracting and retaining qualified employees, and promoting efficient and responsible performance.

The remuneration policy aims to create a working environment that supports employee motivation, a performance-driven culture, and behavior aligned with the Microbank's strategic objectives. At the same time, the remuneration system is designed in a way that does not encourage excessive or unjustified risk-taking and is fully aligned with the Microbank's risk management framework and regulatory requirements.

The Microbank ensures fairness, transparency, and market alignment of its remuneration system. Remuneration decisions consider both individual performance as well as the performance of the respective structural unit and the Microbank as a whole.

The Microbank periodically conducts labor market analysis and remuneration benchmarking. During the annual budgeting process, both market trends and internal equity considerations are considered. This approach ensures the competitiveness of the remuneration system and is based on the principles of fairness and equality.

The remuneration system includes both **fixed** and **variable** components, as well as additional benefits, forming a competitive and flexible total compensation package.

REMUNERATION FRAMEWORK

The **Remuneration Policy** of Crystal represents a set of standards governing remuneration, compensation, and benefits for employees and/or individuals engaged under service or employment contracts.

The objective of the policy is to ensure a fair, transparent, legally compliant, and market-aligned remuneration system.

The remuneration approach is based on the following key principles: fairness, legality, predictability, achievability, market alignment, timeliness, and confidentiality.

When determining remuneration, the Microbank considers the employee's education, qualifications, professional experience, job specifics, level of responsibility, and the role's significance within the organization.

The Microbank adheres to the principle of equal pay for equal work and prohibits any form of discrimination.

During the reporting period, no employee received total annual remuneration exceeding GEL 1 million.

REMUNERATION POLICY APPROVAL

The remuneration policy is approved by the **Supervisory Board** of the Microbank. Any amendments to the policy are made exclusively based on a decision by the Supervisory Board.

The remuneration of Supervisory Board members is determined by the **General Meeting of Shareholders** (approved on October 29, 2025).

Remuneration-related matters concerning members of the Management Board are governed by decisions of the Supervisory Board and internal corporate documents.

Employee remuneration planning and determination are carried out within the framework of the annual budget approved by the Supervisory Board.

For front-office employees, structured remuneration schemes consisting of fixed and variable components are defined, reflecting the specifics of the respective roles. For other employees, including back-office staff, remuneration planning is carried out based on individual and organizational needs.

At the end of each year, directors prepare the salary budget for the following year, which includes both vacant positions and potential salary adjustments, promotions, or role changes for existing employees. These initiatives are reviewed in cooperation with the Talent Development and Management Department to ensure their appropriateness and alignment with internal equity principles. Subject to relevant recommendations, proposals are submitted to the Chief Executive Officer and Chief Financial Officer for final approval.

The remuneration policy is reviewed periodically, at least once every 12 months, to ensure its alignment with market conditions, employee interests, and the Microbank's long-term objectives.

FIXED REMUNERATION

The main component of remuneration at Crystal is fixed remuneration (salary), which is defined in the relevant employment or service contract.

Fixed remuneration is determined based on the employee's professional experience, qualifications, responsibilities defined in the job description, and the organizational significance of the position.

Employee remuneration is generally denominated in the national currency. In exceptional cases, remuneration may be defined in a foreign currency, while payments are made in GEL based on the exchange rate established by the National Bank of Georgia on the payment date.

VARIABLE REMUNERATION AND BONUS SYSTEM

Variable remuneration may be defined for specific employees, positions, structural units, or departments. It may be based on individual performance as well as the performance of the respective business unit and the Microbank as a whole.

When determining variable remuneration, the Microbank considers overall performance, fulfillment of assigned responsibilities, achievement of **KPIs** (Key Performance Indicator), profitability, risk exposure, and other relevant factors.

Variable remuneration is discretionary in nature. Accordingly, despite the existence of predefined bonus schemes, the Microbank reserves the right to adjust, reduce, or cancel bonus payments if such payments would negatively impact the Microbank's financial condition, risk profile, or compliance with regulatory requirements set by the National Bank of Georgia.

The variable remuneration system is divided into two main categories:

- Bonus schemes for **material risk takers**;
- Bonus schemes for other employees.

During the reporting period, remuneration was paid only in cash.

Employees may be eligible for monthly, quarterly, or annual bonuses. At the beginning of the year, business directions and structural units define targets and performance indicators, based on which bonus payments may be awarded.

In Crystal, particularly for front-office roles, structured remuneration systems combining fixed and variable components are implemented, ensuring performance orientation and an appropriate motivational environment.

Remuneration schemes are approved by authorized persons in accordance with the Microbank's authorization matrix. These schemes are predefined, transparent, and accessible to employees, ensuring predictability and a performance-based approach.

For front-office employees, variable remuneration is linked to predefined individual and/or unit-level targets and includes business indicators such as sales volume, portfolio quality, operational efficiency, and other performance-related metrics.

Remuneration schemes are periodically reviewed in accordance with internal procedures to ensure alignment with employee motivation, market competitiveness, and the Microbank's strategic objectives.

RISK ALIGNMENT AND ADJUSTMENT OF VARIABLE REMUNERATION

Crystal's remuneration policy incorporates a **risk-based approach** and ensures that the remuneration system does not encourage excessive or unjustified risk-taking.

The Microbank is entitled to withhold, reduce, cancel, or reclaim variable remuneration if circumstances arise that negatively affect its financial condition, risk profile, capital adequacy, or regulatory compliance.

Variable remuneration may be adjusted in the following cases:

- actions by the employee resulting in significant damage to the Microbank.
- failure to meet fit and proper requirements established by the National Bank of Georgia;
- misconduct or material breach of the Code of Ethics and Professional Conduct or internal policies;
- deterioration of financial performance attributable to the employee;
- deficiencies in risk management.
- increased capital requirements due to the employee's actions;
- imposition of regulatory sanctions because of the employee's conduct.

REMUNERATION OF MATERIAL RISK TAKERS

Material risk takers at Crystal are identified in accordance with the Corporate Governance Code for Microbanks approved by the Order of the President of the National Bank of Georgia.

Annual individual bonuses for material risk takers may be awarded based on a decision of the Supervisory Board.

Material risk takers include members of the Supervisory Board and Management Board, as well as other identified individuals. The SB members are described in #3.3 chapter, and positions of the BOD classified as material risk takers are disclosed in section #3.4. Other material risk takers include the Chief Information Officer and the Head of IT Development Department.

BENEFITS AND ADDITIONAL REMUNERATION

In addition to fixed and variable remuneration, Crystal provides a system of employee benefits, which may include health insurance, allowances, maternity leave compensation, and other benefits.

Benefits are determined based on internal policies, budget considerations, financial position, and management decisions.

Remuneration awarded during the reporting period		Board of Directors	Supervisory Board	Other material risk takers
Fixed remuneration	Number of employees	6	6	2
	Total fixed remuneration	1,463,721	560,378	465,000
	Of which cash-based	1,463,721	560,378	465,000
	Of which: deferred			
	Of which: shares or other share-linked instruments			
	Of which: deferred			
	Of which other forms			
	Of which: deferred			
Variable remuneration	Number of employees	6	6	2
	Total fixed remuneration	117,719		34,782
	Of which cash-based	4,687		31,250
	Of which: deferred	0		
	Of which: shares or other share-linked instruments			
	Of which: deferred			
	Of which other forms	113,032		3,532
	Of which: deferred			
Total remuneration		1,581,441	560,378	499,782

12. ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURES

Crystal considers that reporting and disclosing sustainability issues are key prerequisites for sustainable finance development and for improving the availability of decision-useful information to stakeholders. Accordingly, ESG reporting and disclosure form (available on the Microbank's website) is prepared with the objective of presenting ESG-related information in a relevant, useful, consistent and comparable manner according to the NBG requirements.

The form reflects the Microbank's understanding that ESG-related risks and opportunities may affect Crystal both through own operations and, as a financial intermediary, through borrowers, customers and different counterparties. ESG disclosure addresses not only risks to the Microbank's business, but also risks and impacts on the environment and society in Georgia that financial institutions may cause, contribute to, or be directly linked to their financing activities. Crystal's approach is oriented toward strengthening resilience and stability, supporting financial inclusion and welfare, and avoiding or mitigating adverse environmental and social impacts where material.

The form summarizes qualitative information on governance processes and procedures, ESG and sustainability-related risks integrated into the business model and financial planning, risk management framework and quantitative information on KPIs.

13. OTHER DISCLOSURES

Off-balance sheet items	Reporting Period		
	GEL	FX	Total
Guarantees received as security for receivables of the microbank	1,073,381,008	7,165,006	1,080,546,013
Surety, joint liability	1,073,381,008	7,165,006	1,080,546,013
Guarantees	-	-	-
Assets pledged as security for receivables of the bank:	879,792,090	54,866,715	934,658,805
Precious metals and stones	22,551,851	80,998	22,632,848
Real Estate:	697,421,278	54,058,360	751,479,639
<i>Residential Property</i>	697,421,278	54,058,360	751,479,639
Movable Property	159,371,902	727,357	160,099,259
Other	447,059	-	447,059
Loan commitments given	2,392,893	42,591	2,435,484
Derivatives	(304,541,152)	283,816,624	(20,724,528)
Receivables through FX contracts (except options)	1,068,172	286,730,916	287,799,087
Payables through FX contracts (except options)	(305,609,324)	(2,914,292)	(308,523,616)
Receivables not recognized on-balance	13,341,145	-	13,341,145
Principal of receivables derecognized during last 3 month	2,669,658	-	2,669,658
Interest and penalty receivable not recognized on-balance or derecognized during last 3 month	1,033,671	-	1,033,671
Principal of receivables derecognized during 5 years month (including last 3 month)	9,733,401	-	9,733,401
Interest and penalty receivable not recognized on-balance or derecognized during last 5 years (including last 3 month)	3,607,744	-	3,607,744

Liquidity Coverage Ratio	Total unweighted value (daily average)			Total weighted values according to NBG's methodology (daily average)			Total weighted values according to Basel methodology (daily average)		
	GEL	FX	Total	GEL	FX	Total	GEL	FX	Total
High-quality liquid assets									
Total HQLA				27,588,081	19,620,988	47,209,069	25,707,234	11,658,654	37,365,888
Cash outflows									
Retail deposits	36,780,878	24,942,126	61,723,003	4,996,931	3,504,764	8,501,695	993,068	593,729	1,586,796
Unsecured wholesale funding	188,463,002	263,796,019	452,259,021	5,755,863	4,510,314	10,266,177	5,725,587	4,510,312	10,235,899
Secured wholesale funding	-	-	-	-	-	-	-	-	-
Outflows related to off-balance sheet obligations and net short position of derivative exposures	22,865,132	53,303	22,918,435	1,069,788	12,288	1,082,076	715,814	5,870	721,684
Other contractual funding obligations	-	-	-	-	-	-	-	-	-
Other contingent funding obligations	992,075	571	992,646	206,201	-	206,201	206,201	-	206,201
TOTAL CASH OUTFLOWS	249,101,087	288,792,019	537,893,106	12,028,783	8,027,366	20,056,149	7,640,669	5,109,911	12,750,580
Cash inflows									
Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-	-
Inflows from fully performing exposures	533,031,610	856,351	533,887,961	23,708,158	6,006	23,714,164	25,589,005	7,968,340	33,557,345
Other cash inflows	1,442,830	27,241	1,470,071	53,083	-	53,083	53,083	-	53,083
TOTAL CASH INFLOWS	534,474,439	883,592	535,358,031	23,761,241	6,006	23,767,247	25,642,088	7,968,340	33,610,428
				Total amount according to NBG's methodology (considering limits)			Total amount according to Basel methodology (considering limits)		
Total HQLA				27,588,081	19,620,988	47,209,069	25,707,234	11,658,654	37,365,888
Net cash outflow				3,007,196	8,021,360	5,014,037	1,910,167	1,277,478	3,187,645
Liquidity coverage ratio (%)				917.40%	244.61%	941.54%	1345.81%	912.63%	1172.21%

Net Stable Funding Ratio	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to <1 y	>= 1 y	
Available stable funding					
Available stable funding	98,738,857	-	-	266,704,364	365,443,221
<i>Regulatory capital</i>	98,738,857	-	-	27,051,876	125,790,733
<i>Other non-redeemable capital instruments and liabilities with remaining maturity more than 1 year</i>				239,652,488	239,652,488
Redeemable retail deposits or non-redeemable retail deposits with residual maturity of less than one year	11,354,222	24,569,099	25,767,101	3,173,433	61,397,148
<i>Residents' deposits</i>	11,354,222	24,488,548	25,350,953	3,173,433	61,148,798
<i>Non-residents' deposits</i>	-	80,551	416,148	-	248,350
Wholesale funding	156,399	116,144,830	84,630,470	-	44,287,139
<i>Redeemable funding or non-redeemable funding with residual maturity of less than one year, provided by the government or enterprises controlled by the government, international financial institutions and legal entities, excluding representatives of financial sector</i>	-	3,943,808	4,279,278	-	4,111,543
<i>Redeemable funding or non-redeemable funding with residual maturity of less than one year, provided by the central banks and other financial institutions</i>	156,399	112,201,022	80,351,193	-	40,175,596
Liabilities with matching interdependent assets	-	-	-	-	-
Other liabilities:	-	26,729,677	5,595,501	522,127	-
<i>Liabilities related to derivatives</i>	-	9,012,060	3,267,978	522,127	-
<i>All other liabilities and equity not included in the above categories</i>	-	17,717,617	2,327,524	-	-
Total available stable funding					471,127,509
Required stable funding					
Total high-quality liquid assets (HQLA)	31,200,503	25,924,290	-	-	561,666
Performing loans and securities:	-	160,208,654	120,580,146	250,696,552	353,514,727
<i>Loans and deposits to financial institutions secured by Level 1 HQLA</i>	-	-	-	-	-
<i>Loans and deposits to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	-	-	188,384	188,384	282,576
<i>Loans to non-financial institutions and retail customers, of which:</i>	-	160,208,654	120,391,762	250,508,168	353,232,151
<i>With a risk weight of less than or equal to 35%</i>	-	-	-	-	-
<i>Residential mortgages, of which:</i>	-	-	-	-	-
<i>With a risk weight of less than or equal to 35%</i>	-	-	-	-	-
<i>Securities that do not qualify as HQLA</i>	-	-	-	-	-
Assets with matching interdependent liabilities	-	-	-	-	-
Other assets:	28,263,951	22,696,021	8,382,818	16,133,146	64,581,377
<i>Assets related to derivatives</i>	-	-	-	-	-
<i>All other assets not included in the above categories</i>	28,263,951	22,696,021	8,382,818	16,133,146	64,581,377
Off-balance sheet items	-	1,952,038	126,189	357,257	121,774
Total required stable funding					418,779,543
Net stable funding ratio					112.50%

Linkages between financial statement assets and balance sheet items subject to credit risk weighting	Carrying values as reported in published stand-alone financial statements per IFRS	Carrying values of items	
		Not subject to capital requirements or subject to deduction from capital	Subject to credit risk weighting
Account name of standardized supervisory balance sheet item			
Cash, Cash balances with National Bank of Georgia and other banks	57,501,561	-	57,501,561
Cash on hand	29,517,349		29,517,349
Cash balances with National bank of Georgia	16,374,130		16,374,130
Cash balances with other banks	11,610,082		11,610,082
Financial assets at amortized cost	568,057,792	-	568,057,792
Debt securities	-		-
Loans and advances	568,057,792		568,057,792
Investments in subsidiaries, joint ventures and associates	609,791	609,791	-
Tangible assets	22,672,753	-	22,672,753
Property, Plant and Equipment	22,672,753		22,672,753
Investment property	-		-
Intangible assets	7,511,206	7,511,206	-
Goodwill	-		-
Other intangible assets	7,511,206	7,511,206	-
Tax assets	4,221,870	-	4,221,870
Current tax assets	3,827,004		3,827,004
Deferred tax assets	394,866		394,866
Other assets	9,914,888		9,914,888
of which: repossessed collateral	3,206,755		3,206,755
of which: dividends receivable	-		-
Total exposures subject to credit risk weighting before adjustments	670,489,861	8,120,997	662,368,864

Differences between values per standardized balance sheet used for regulatory reporting purposes and the exposure amounts used for capital adequacy calculation purposes	Amount
Total carrying value of balance sheet items subject to credit risk weighting before adjustments	662,368,864
Nominal values of off-balance sheet items subject to credit risk weighting	2,435,484
Nominal values of off-balance sheet items subject to counterparty credit risk weighting	286,186,624
Total values of on-balance and off-balance sheet items before any adjustments used for credit risk weighting purposes	950,990,971
Effect of provisioning rules used for capital adequacy purposes	-
Effect of credit conversion factor of off-balance sheet items related to credit risk framework	(1,825,414)
Effect of credit conversion factor of off-balance sheet items related to counterparty credit risk framework (table CCR)	(281,980,537)
Effect of other adjustments	-
Total exposures subject to credit risk weighting	667,185,021

Differences between accounting and regulatory scopes of consolidation			
Assets (as reported in published IFRS financial statements)	Carrying Values as reported in published IFRS financial statements	Carrying Values as reported in published IFRS financial statements	Notes
Cash and cash equivalents	57,132,959	29,517,349	In financial statements prepared in accordance with IFRS, cash and cash equivalents include cash together with net balances held with the National Bank of Georgia and commercial banks. In supervisory reporting, however, comprises only cash on hand in cash desks and ATMs.
Amounts due from credit institutions	385,105	27,984,212	In financial statements prepared in accordance with IFRS, cash and cash equivalents include cash together with net balances held with the National Bank of Georgia and commercial banks. In supervisory reporting, however, comprises only cash on hand in cash desks and ATMs.
Assets Held for Sale	304,257	-	In supervisory reporting, assets held for sale are not presented separately and are included within other assets
Loans to Customers	549,711,056	568,057,792	In supervisory reporting, loans issued to customers are presented under the line item "loans and receivables," which also includes net investment in leases, including VAT. Under IFRS reporting, these amounts are included within other assets
Net Investments in Leases	16,188,511	-	In supervisory reporting, loans issued to customers are presented under the line item "loans and receivables," which also includes net investment in leases, including VAT. Under IFRS reporting, these amounts are included within other assets
Current income tax asset	3,827,004	3,827,004	-
Right-of-use asset	15,533,528	-	In supervisory reporting, right-of-use assets are not presented separately and are included within property and equipment
Property and equipment	7,144,111	22,672,753	In supervisory reporting, right-of-use assets are not presented separately and are included within property and equipment
Intangible assets	7,511,216	7,511,206	-
Deferred tax assets	394,866	394,866	-
Investment in a subsidiary	-	609,791	-
Other assets	11,768,934	9,914,888	In supervisory reporting, loans issued to customers are presented under the line item "loans and receivables," which also includes net investment in leases, including VAT. Under IFRS reporting, these amounts are included within other assets
Total assets	669,901,547	670,489,861	

Liabilities (as reported in published IFRS financial statements)	Carrying Values as reported in published IFRS financial statements	Carrying Values as reported in published IFRS financial statements	Notes
Financial liabilities at fair value through profit or loss	12,802,165	12,802,165	-
Customer Accounts	33,096,932	33,096,932	-
Dividend payable	64,450	64,450	-
Lease liability	15,760,877	15,760,877	-
Promissory notes	59,703,058	59,703,058	-
Borrowed funds	394,779,103	394,779,103	-
Subordinated debt	40,802,676	40,802,676	-
Other liabilities	6,808,204	6,808,204	-
Total liabilities	563,817,466	563,817,466	
Equity (as reported in published IFRS financial statements)	Carrying Values as reported in published IFRS financial statements	Carrying Values as reported in published IFRS financial statements	Notes
Share capital	3,634,576	3,634,576	-
Share premium	22,109,970	22,109,970	-
Retained earnings	80,339,534	80,927,848	-
Total equity	106,084,081	106,672,394	

Shares owned by senior management

		Amount of shares at the beginning of the reporting period					
		Unvested		Vested		Total	
Senior management							
Total:		0		661,698		661,698	
Davit Bendeliani				208,195		208,195	
Kakha Gabeskiria				16,665		16,665	
Archil Bakuradze				436,838		436,838	
Other material risk takers							
Total:							
		Changes during the reporting period					
		Awarded during the period		Vesting	Reduction during the period		Other Changes
		Of which: Unvested	Of which: Vested		Of which: Unvested	Of which: Vested	Purchase Sell
Senior management							
Total:		0 0		0	0 0		0 0
Davit Bendeliani							
Kakha Gabeskiria							
Archil Bakuradze							
Other material risk takers							
Total:							
		Amount of shares at the end of the reporting period					
		Unvested		Vested		Total	
Senior management							
Total:		208,195		661,698		869,893	
Davit Bendeliani		208,195		208,195		416,390	
Kakha Gabeskiria		0		16,665		16,665	
Archil Bakuradze		0		436,838		436,838	
Other material risk takers							
Total:		0		0		0	

THANK YOU