



# 2025 **INTEGRATED REPORT**





Photo:Tbilisi Gallery

JSC Microbank Crystal (former JSC Microfinance Organization Crystal) is a leading financial inclusion organization in Georgia. The company manages credit portfolio\* amounting to 566 million GEL, employs 1,047 members of staff, operates from 48 branches and serves up to 85 thousand unique customers across the country.

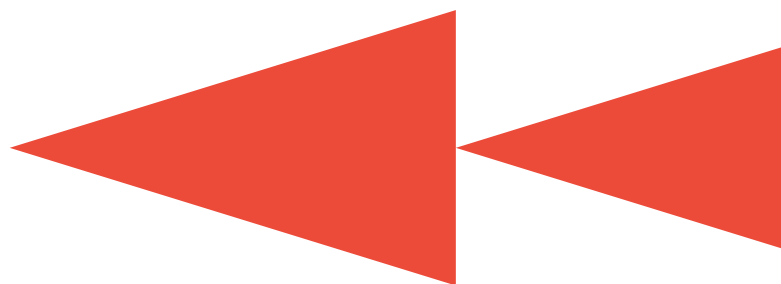
**CRYSTAL'S MISSION IS TO STRENGTHEN ENTREPRENEURS WITH CAPITAL, KNOWLEDGE, AND SKILLS, SO THAT THEY TRANSFORM OPPORTUNITIES INTO WELLBEING.**

Crystal acts as a platform for economic development, providing farmers, micro and small entrepreneurs with innovative financial products and services that are tailored to their needs. In 2025, Crystal obtained credit rating from the international company Scope Ratings (B+ Stable). Additionally, in 2024, the company received a Silver Certificate in Customer Protection from the global rating agency Microfinanza. Crystal has also been declared an honorary winner at the Best Annual Report and Transparency Competition (BARTA) for large financial institutions for seven times in a row.

For more information and the digital version of this report, please visit: <https://ir.crystal.ge/>

\*Sum of Loans to Customers and Net Investments in Leases, on a principal basis

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# Strategic Report





# At a Glance

**CRYSTAL'S MISSION IS TO STRENGTHEN ENTREPRENEURS WITH CAPITAL, KNOWLEDGE, AND SKILLS, SO THAT THEY TRANSFORM OPPORTUNITIES INTO WELLBEING.**

Crystal's vision is to be the leading bank serving micro and small entrepreneurs, while operating on principles of commercial performance and social and environmental sustainability.

Crystal's overarching strategy is to **leverage existing brand, customer base and extensive branch infrastructure**, while diversifying its product offering to include 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.

Crystal manages credit portfolio amounting to 566 million GEL, employing 1,047 members of staff, operating through 48 branches and serving up to 85 thousand unique customers across the country. Crystal's institutional shareholders include Incofin IM and Developing World Markets. Simultaneously, the company enjoys a longstanding relationship with around 25 lenders, including international Private Equity Firms, Development Financial Institutions and local banks.



Photo: Tbilisi Gallery

# Financial and Operational Highlights

	Δ	2025	2024
NET PROFIT	- 40.5%	13,474	22,663
TOTAL ASSETS	+ 16.25%	669,902	576,246
LOAN & LEASE PORTFOLIO	+ 9.93%	565,900	514,785
TOTAL EQUITY	+ 10.56%	106,085	95,950
ROA	- 2.15%	2.16%	4.31%
ROE	- 13.29%	13.34%	26.63%
NPL	+ 0.65%	3.19%	2.54%
COST OF RISK	+ 1.91%	4.18%	2.27%
COST TO INCOME	+ 0.78%	62.36%	61.58%
BRANCHES	0.00%	48	48
CUSTOMERS	- 10.50%	85,261	95,260
EMPLOYEES	+ 4.08%	1,047	1,006



ROBERT S. KOSSMANN

# Chair's Statement

In 2025, Georgia continued to provide a supportive macroeconomic environment for the banking sector, with real GDP growth of approximately 7.5%, driven by domestic demand, services, tourism, and investment activity. Although growth moderated from exceptionally high levels in prior years, it remained among the strongest in the region. Inflationary pressures increased during the year, with year-end inflation exceeding the National Bank of Georgia's 3% target, largely due to external and food-price factors. In response, the National Bank of Georgia maintained a prudent monetary policy stance, keeping the policy rate unchanged at 8.0%, which supported price stability, anchored inflation expectations, and contributed to exchange rate stability.

Fiscal and external positions remained broadly sound. Public debt stayed moderate at around 35–36% of GDP, while the current account deficit remained manageable, and international reserves increased, strengthening external buffers. Within this environment, the banking sector remained well capitalized, liquid, and profit-

able, with credit growth continuing at a sustainable pace and asset quality remaining resilient. International financial institutions, including the IMF and EBRD, assess Georgia's medium-term outlook as favorable, while noting the importance of continued prudent risk management and structural reforms.

Against this backdrop, the Bank delivered a balanced performance in 2025. For the year ended 31 December 2025, the Bank reported a net profit of GEL 13.5 million. This result was achieved through consistent underlying business activity, disciplined risk-taking, and careful cost management, rather than reliance on one-off effects or short-term market opportunities. Return on equity amounted to 13.3%, while return on assets reached 2.2%, reflecting a sustainable level of profitability aligned with the Bank's conservative risk appetite.

Cost discipline remained an important priority throughout the year, approached with a long-term perspective. Operating expenses increased by 6.8%, primarily reflecting targeted investments in information technology, cybersecurity, regulatory compliance, and employee development. These investments are essential to maintaining a secure, compliant, and future-ready institution and were made without compromising finan-

cial discipline. As a result, the cost-to-income ratio was flat year on year at 62.4%, demonstrating that the increase in costs related to the transition to a licensed bank in February 2025 was offset by improved efficiency while preserving service quality and increased internal control standards.

The Bank's financial strength remains a cornerstone of its strategy and an essential element of trust for customers, regulators, and other stakeholders. As of year-end 2025, the Common Equity Tier 1 (CET1) ratio stood at 14.98%, and the Total Capital Ratio reached 19.09%, both comfortably above regulatory requirements and the Board's internal capital targets. Liquidity remained strong, with a Liquidity Coverage Ratio of 1,700% and a Net Stable Funding Ratio of 112.5%, reflecting the Bank's wholesale funding structure and a stable, growing customer deposit base. These metrics provide the Bank with significant capacity to absorb stress and to continue supporting customers even under adverse conditions.

Strong governance, effective risk management, and a sound control environment remained central priorities for the Bank in 2025. We continued to enhance our risk management framework, stress testing capabilities, and data quality and reporting processes, and particular attention was paid to

credit risk concentration, operational resilience and compliance with evolving regulatory and supervisory expectations. Engagement with regulators was constructive and transparent throughout the year, and the Bank met all supervisory requirements and expectations.

In 2025, the bank secured GEL 230 million in new funding commitments partnering with leading international and local financial institutions to expand access to finance across Georgia. This capital mobilization represented one of the largest annual funding rounds in the company's history and underscored Crystal's critical role in supporting small and medium enterprises, micro entrepreneurs, women, youth and farmers. Key transactions included a USD 10 million facility from the European Bank for Reconstruction and Development (EBRD) and an EUR 8 million financing agreement with the Council of Europe Development Bank (CEB). The company also strengthened its capital base through a USD 7.5 million subordinated loan from Triple Jump funds.

In 2025, Crystal was once again recognized by global institutions for its focus on sustainability and responsible banking as we received an award from the United Nations recognizing Crystal as a bank that has demonstrated the highest level of engagement in sustainability and consistently sharing their progress toward the Sustainable Development Goals with the business community and the public. Additionally, Crystal was named the winner of the CAREC Gender and Green Innovation Awards 2025, an international competition organized by the Asian

Development Bank and the Central Asia Regional Economic Cooperation program to recognize outstanding organizations in the fields of gender equality and green innovation. The goal of the competition was to honor exceptional initiatives that promote gender equality and environmental sustainability.

In 2025 shareholders for the first time since the inception of Crystal as an organization have elected an independent Chairman of the Supervisory Board to ensure clear separation between management and oversight, strengthen objective supervision of executive performance, and safeguard the long-term interests of all shareholders. The independence of the Chairman supports effective board leadership robust risk governance, and constructive challenge in line with regulatory expectations and international best practice

The Supervisory Board remained closely involved throughout the year, providing oversight, guidance, and constructive challenge to Management. Key areas of focus included capital and liquidity adequacy, risk appetite calibration, digital transformation, strategy and organizational resilience. Additionally, the Board also devoted significant attention to culture and conduct, recognizing that a strong risk culture and ethical standards are essential to maintaining trust and achieving sustainable performance. Finally, the Board is satisfied that the Bank's governance arrangements and leadership structure are appropriate for its size, complexity, and strategic objectives.

Our employees remain one of the Bank's greatest strengths and in 2025 we continued to invest in training, leadership development, and workplace modernization, supporting both performance and engagement. The professionalism and commitment of our staff were instrumental in delivering strong results while maintaining high standards of service and control.

Looking ahead to 2026, the external banking environment is expected to continue the robust performance and resilience, underpinned by a favorable macroeconomic backdrop, strong capital buffers and effective regulatory oversight. A growing balance sheet, a loyal customer base, and a clear strategic focus provide a solid foundation for navigating future challenges. The Bank's priorities remain unchanged: prudent and selective growth, conservative risk management, continued investment in people and systems, and the preservation of trust among customers, regulators, and other stakeholders.

On behalf of the Supervisory Board, I would like to express my sincere appreciation to our employees for their dedication and professionalism, to our customers for their continued confidence, and to our regulators and partners for their constructive engagement and support.

**Robert S. Kossmann**  
Chairman of the Supervisory Board



ILIA REVIA

# Chief Executive Officer's Letter

Dear Shareholders and Stakeholders,

2025 was a defining year for Crystal.

Following the successful securing of a microbank license in February, the year was focused on turning that important milestone into a functioning reality. For us, this was not a formal transition. It required a full transformation of how Crystal operates – across systems, processes, risk management, products, and organizational and governance structures.

Within four months of receiving the license, Crystal launched banking capabilities and products. This required the coordinated delivery of multiple complex workstreams at the same time – regulatory alignment, technology upgrades, operational redesign, product development, and organizational strengthening. The pace and quality of execution demonstrated the maturity the institution has built over the past years.

At the same time, we remained focused on our core business and our customers.

Crystal's financial position continued to strengthen. Total assets increased to GEL 669.9 million, while the loan and lease portfolio reached GEL 565.9 million. Total equity increased to GEL 106.1 million. Net profit amounted to GEL 13.5 million, with return on equity at 13.34%, while the cost-to-income ratio stood at 62.36%. These results were delivered in a year when the organization was simultaneously absorbing the costs and operational demands of becoming a regulated bank.

While profitability moderated compared to the previous year, this should be viewed in context. During 2025, we operated with a more conservative risk posture, strengthened provisioning, and absorbed higher impairment charges, while continuing to invest in technology, compliance, cybersecurity, and people. These were necessary steps to ensure the long-term stability and sustainability of the institution.

Our lending business remained strong and well diversified. Loans to customers reached GEL 549.7 million (net), with continued growth in business and agricultural financing. Leasing also expanded, supporting entrepreneurs with more flexible financing solutions. These results confirm that Crystal remains

closely connected to the real economy and to the needs of micro and small businesses across Georgia.

A key development in 2025 was the start of building a broader funding model. Following the license, Crystal introduced customer accounts and deposit products, while continuing to expand promissory notes. By year-end, customer accounts reached GEL 33.1 million and promissory notes reached GEL 59.7 million. This is an important step toward diversifying our funding base and strengthening local currency resources.

Our partnerships with international financial institutions continued to play a vital role. In 2025, Crystal attracted significant funding from both long-standing and new partners, including EBRD and the Council of Europe Development Bank while subordinated debt increased to GEL 40.8 million, supporting our capital strength. These relationships reflect confidence not only in our financial performance, but also in our governance, discipline, and long-term strategy.

During the year, Crystal strengthened its governance framework, ensuring clarity of roles, disciplined oversight, and consistent decision-making in line with the expectations of a regulated financial institution. At the same time, we significantly enhanced our

risk management and operational framework. Becoming a microbank required a higher standard across capital management, liquidity, compliance, operational resilience, and reporting.

Technology remained one of the key enablers of this transformation. In 2025, our team delivered more than 100 IT and business projects, covering core banking functionality, treasury, regulatory reporting, digital services, and process automation. These investments are fundamental to building a modern, efficient, and scalable banking institution.

Our people continued to be at the center of this progress. Despite the scale of transformation, Crystal maintained strong engagement and further improved employee retention. We continued to invest in training, leadership development, and employee engagement, ensuring that our teams are equipped to operate in a more complex and demanding environment.

Our achievements have not gone unnoticed, and Crystal has received significant recognition for its commitment to responsible and transparent business practices:

- **Scope Ratings:** As a result of increased access to capital, diversified funding resources, strong financial results, and successful microbank transformation, Scope Ratings assigned Crystal a 'B+' rating with a Stable outlook — a significant recognition amidst global economic uncertainties.

- **BARTA Award:** We received the Best Annual Report and Transparency Award (BARTA) for the seventh consecutive year, affirming our enduring commitment to transparency as a core organizational value.

- Crystal received the CAREC award, acknowledging our ongoing commitment to responsible finance and our role in supporting sustainable economic development.

## OUTLOOK

Georgia's positive economic performance and the anticipated benefits of Crystal's microbank transformation position us favorably for continued success. I am confident that we will maintain this positive trajectory throughout 2026. Through collective effort and dedication, we will continue to build Crystal into a strong and resilient banking institution.

Our key priorities for the years ahead are clear:

- Continue disciplined growth of our core lending business, while expanding our capabilities in serving small and medium-sized enterprises.
- Further develop deposits, payments, and digital services, building a more balanced banking model.
- Continue investing in technology, risk management, and operational efficiency.

We remain committed to our mission — to strengthen entrepreneurs with capital, knowledge, and skills — and to our promise of being the “Bank of Your Opportunities.”

2025 demonstrated that Crystal is capable not only of setting ambitious goals, but of executing them under pressure and at scale. The transformation is not a one-time event; it is the foundation for the next stage of growth. This was made possible by clear strategic direction and disciplined execution from the Management Board, ensuring alignment, focus, and consistency across the organization throughout this period of change.

I would like to thank our employees for their commitment, professionalism, and resilience throughout this demanding year. I would also like to thank our customers, partners, investors, and the Supervisory Board for their continued trust and support. I would also like to express our appreciation to the National Bank of Georgia for its constructive supervisory engagement and support throughout the year.

We move forward with a stronger foundation, clearer direction, and confidence in our ability to deliver.

**Ilia Revia**  
General Director  
Micro Bank Crystal

## GROSS DOMESTIC PRODUCT

In 2025, Georgia's economy moved into a relatively stable and more normalized growth, following the high economic activity in 2024. While certain political and external economic risks continued to persist in the country, the macroeconomic environment became more balanced.

Economic growth declined compared to 2024, largely due to a high base effect and the full neutralization of one-off factors observed in 2022–2023. Nevertheless, economic activity remained strong, supported by robust domestic demand and growth in the service sector.

Positive trends were maintained across different areas - revenues from tourism stood high, inflation was maintained close to the target, and monetary policy was gradually eased. The downward trend continued in unemployment as well.

Meanwhile, certain challenges remained persistent. Foreign direct investment recovered only partially following its decline in 2024, remittances stabilized, while international credit ratings continued to be affected by political factors and externalities.

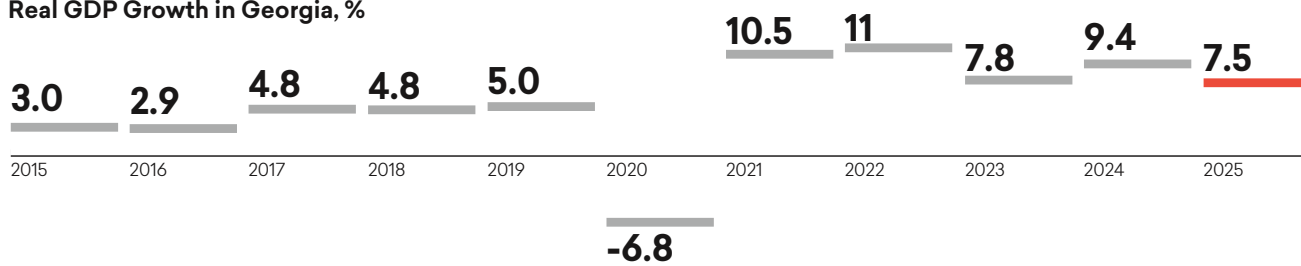
Although the Russia-Ukraine war was still ongoing, its economic impact diminished significantly. Migration from Russia remained at a low level, while the war's effect on foreign currency inflows was largely neutralized. The 2022 dramatic surge in remittances was fully absorbed, and as a result, this factor no longer had a material impact on economic dynamics in 2025.

Economic growth continued to be primarily driven by the same sectors as in 2024 - construction, information and communication, the financial sector, and education. Conversely, relatively weaker performance was observed in sectors such as the energy, manufacturing, agriculture, and wholesale trade.

<b>Final consumption expenditure</b>	<b>10.3%</b>
<b>Households and non-profit organizations serving households</b>	<b>8.6%</b>
<b>Government authorities</b>	<b>19.6%</b>
<b>Individual goods and services</b>	<b>22.2%</b>
<b>Collective services</b>	<b>17.5%</b>
<b>Gross capital formation</b>	<b>-5.5%</b>
<b>Gross fixed capital formation</b>	<b>-2.8%</b>
<b>Exports of goods and services</b>	<b>7.0%</b>
<b>Export of goods</b>	<b>7.1%</b>
<b>Export of services</b>	<b>6.9%</b>
<b>Import of goods and services</b>	<b>5.7%</b>
<b>Import of goods</b>	<b>6.5%</b>
<b>Import of services</b>	<b>2.6%</b>
<b>GDP at market prices</b>	<b>7.5%</b>

Real GDP growth was 7.5% year-on-year, while GDP per capita totalled \$10,886; in international dollars, this figure is equal to \$33.3.

### Real GDP Growth in Georgia, %



**Source: National Statistics Office of Georgia**

### INFLATION AND MONETARY POLICY RATE

Over the past three years, inflation dynamics and monetary policy in Georgia have undergone significant changes, reflecting both neutralization of global shocks and normalization of the domestic macroeconomic environment.

In 2023, inflation declined sharply, averaging 0.4%, driven by the tight monetary policy in previous years, stabilization of prices on international markets, and the recovery of supply chains. During this period, inflation remained well below the target level.

In 2024, inflation relatively increased, though remained low - at around 1.9%. This increase already reflected stronger economic activity and rising domestic demand, although the overall prices remained under control.

In 2025, inflation returned to the target and stabilized at around 3%, showing that the economy transitioned to a more normal and balanced phase, where neither deflationary nor high inflationary risks dominate.

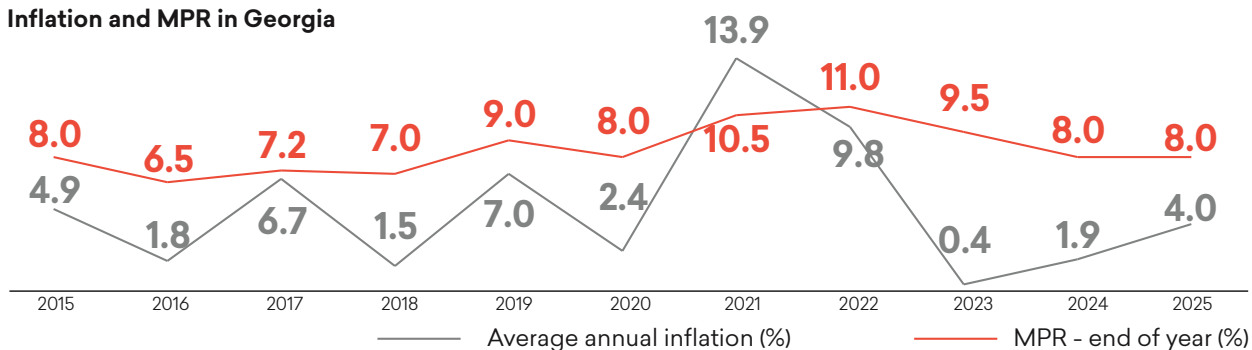
In terms of monetary policy, 2023 was characterized by tight policy, followed by gradual reduction of the rate from the second half of the year, which was triggered by sharp decline in inflation and improvements in the macroeconomic landscape.

This trend continued in 2024, and the refinancing rate was further reduced to 8%. However, political uncertainty and external risks slowed further rate cuts.

In 2025, monetary policy became more balanced. The National Bank continued to be cautious while maintaining prudence to avoid inflationary pressures. The policy was focused on both maintaining price stability and supporting economic growth.

Overall, 2023-2025 can be characterized as a transition from high to stable inflation, with monetary policy shifting from a tight stance toward a moderately eased one.

### Inflation and MPR in Georgia



**Source: National Statistics Office of Georgia and the National Bank**

## JOBS AND UNEMPLOYMENT

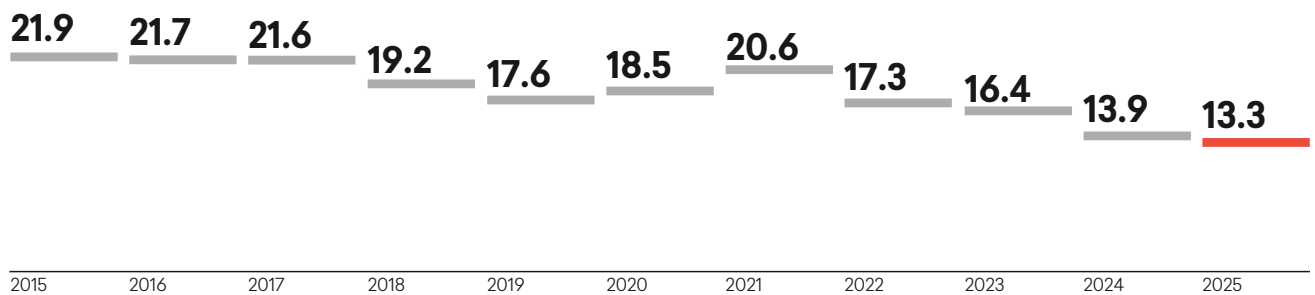
Over the past three years, the labor market showed steady improvement. In 2023, the unemployment rate declined, driven by increased economic activity and the gradual recovery of jobs.

In 2024, this trend continued further - the unemployment rate dropped by 2.5 pp YoY, totalling 13.9%. This was largely due to accelerated economic growth and expanded business activity, additional jobs created by the state and business, increased demand due to migration from Russia-Ukraine, and the outflow of unemployed from Georgia.

The decline in the unemployment rate led to a sharp increase in labor market remuneration and a deficit of qualified personnel in certain sectors.

In 2025, the positive trend in the labor market continued. The unemployment rate declined further, though at a more moderate rate. In the medium term, the government aims to reduce the unemployment rate to 10%, which will require both sustained economic growth and improvements in labor market efficiency.

### Unemployment Rate



**Source: National Statistics Office of Georgia**

## EXPORT AND IMPORT

Over the last 3 years, high economic growth, recovery of tourism, rise of remittances and migration each boosted imports and exports. Appreciation of the national currency also played a major role in the growth of imports.

In 2025, the growth rate of foreign trade partially normalized. Exports continued to grow, but at a more moderate rate, reflecting stabilization of external demand and the neutralization of base effects. At the same time, efforts were taken toward diversification of export markets.

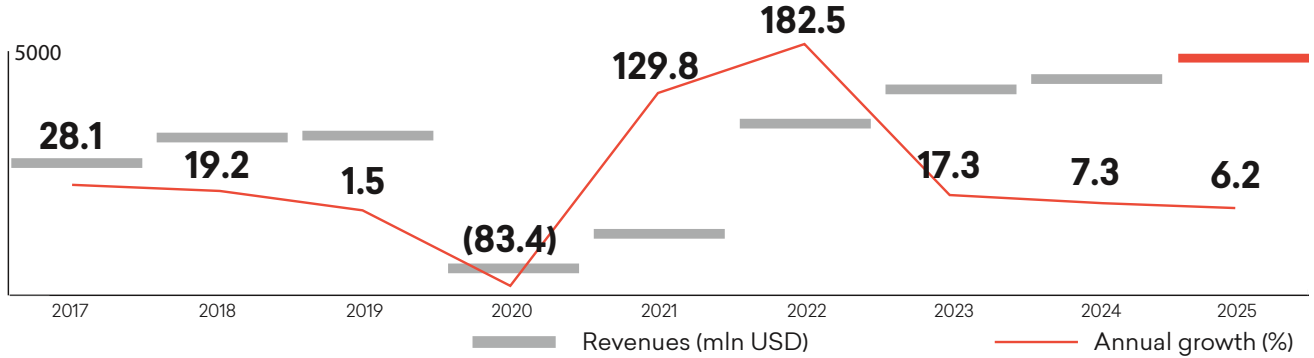
Imports remained high, although growth rate slowed down, reflecting stabilization of domestic demand and lower volatility of GEL exchange rate.

Overall, during 2023–2025, Georgia's foreign trade maintained growth, with signs of normalization becoming evident in 2025. Diversification of export markets and reduced dependence on imports remain to be key challenges for the country.

## TOURISM

By 2024-2025 figures, revenues from tourism exceeded the pre-pandemic period (2019) indicators. There is also a tangible improvement YoY. In particular, compared to 2024, tourism revenues in 2025 increased by 6,2%, reaching 4,700 million US dollars.

Revenues from Tourism in Georgia



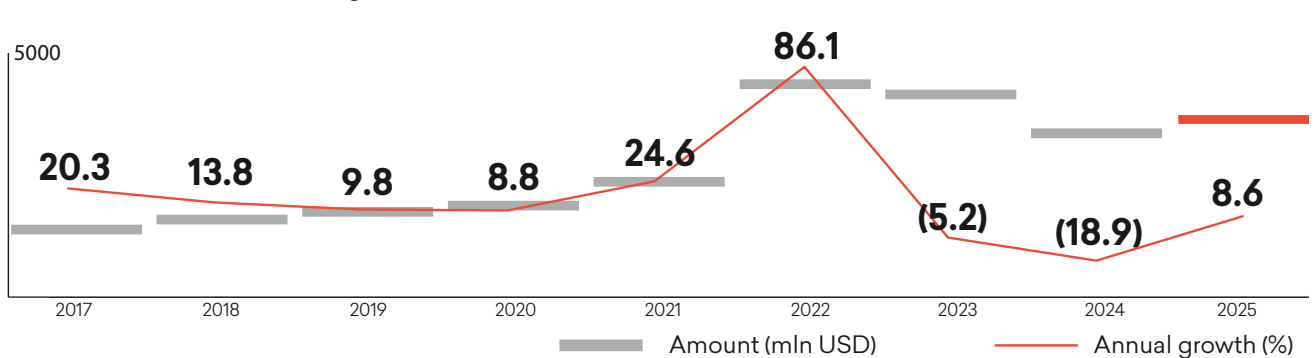
Source: National Bank of Georgia

## REMITTANCES

The flow of remittances increased by 8.6% YoY in 2025 and amounted to USD 3,649 million.

A significant share of remittances 19% came from US, 17% from Italy, and 12% from Russia (USD 1,772 million, 49% in total, i.e. a decrease of the share by 1 pp YoY. The main part of the decrease came from Russia, with a sharp decline; next come Israel, Germany and Greece - with 8-8% on average (USD 891 million, i.e. a rise of the share by total 5.3 pp for all three countries). The total share of other countries is 27%, amounting to GEL 985 million.

Inflow of Remittances in Georgia



Source: National Bank of Georgia

## FOREIGN DIRECT INVESTMENTS

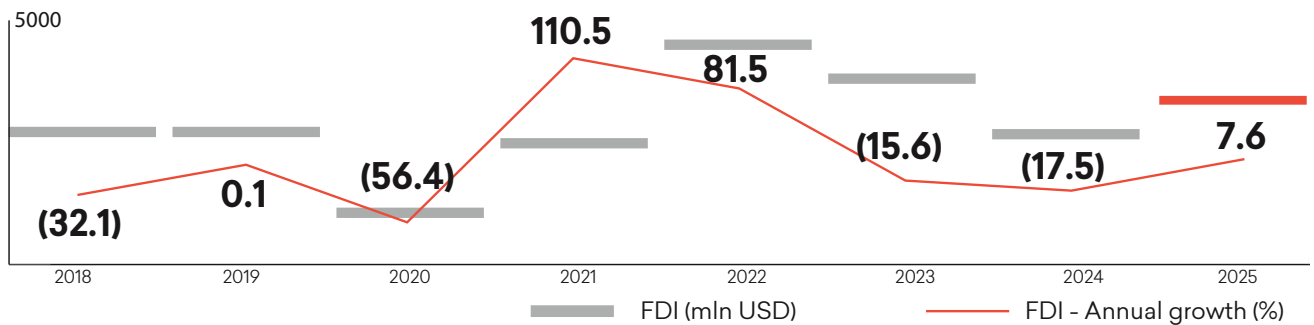
In 2025, the dynamics of foreign direct investment (FDI) in Georgia were characterized by gradual stabilization following the decline in 2024.

In 2025, investor activity remained moderate; however, against the backdrop of relatively improved expectations, a gradual increase in new investment projects was observed. The financial sector remained particularly active, maintaining a leading position in raised investments. In parallel, interest increased in sectors such as energy, real estate, and services.

Despite partial recovery, FDI dynamics remain significantly dependent on political stability in the country, the predictability of the regulatory environment, and global economic outlook.

Overall, 2025 can be assessed as a transitional year - moving from the decline in 2024 toward stabilization and gradual recovery.

### FDI in Georgia

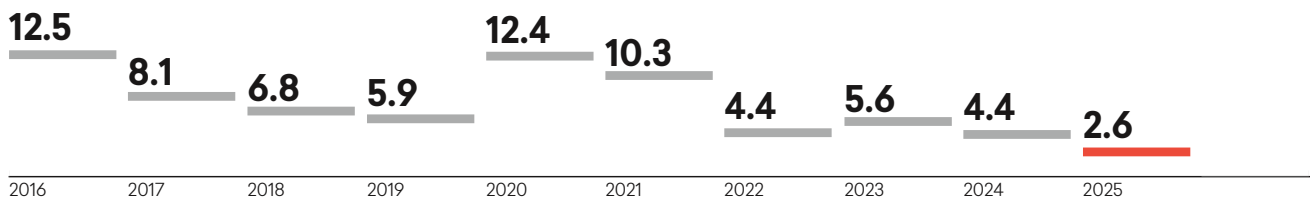


**Source: National Statistics Office of Georgia**

## CURRENT ACCOUNT

In 2025, current account (CA) deficit stood at the historical minimum, resulting from significantly increased remittances, exports, FDI, revenues from tourism, appreciation of the national currency alongside the opening of the economy, all having a positive effect on the Current Account (CA) balance.

### CA Deficit to GDP in Georgia, (%)



**Source: National Bank of Georgia**

## EXCHANGE RATES AND FOREIGN CURRENCY RESERVES

In 2025, compared to 2024, the average annual exchange rate of GEL depreciated by 1% against the US dollar, by 5% against the EUR, and by 12% against the Russian Ruble, while appreciating by 16% against the Turkish Lira.

FX rates	EUR	USD	TRY	100 RUB
2024	2.9440	2.7208	0.0829	2.9401
2025	3.0960	2.7422	0.0696	3.2875

## BUDGET DEFICIT AND PUBLIC EXTERNAL DEBT TO GDP

Against the positive macroeconomic landscape and the economic growth, the budget deficit has been on the decline for the last years. In particular, the deficit totaled 9.3% in 2020 while in 2024, it stood at 2.5%.

In 2025, fiscal discipline was maintained, and the deficit remained at a low and manageable level, reflecting the government's conservative policy.

Government debt also followed a stable trend - in 2024, the debt-to-GDP ratio stood at 38.2%, and in 2025 it remained at a sustainable level.

Overall, the fiscal position in 2025 can be assessed as stable, representing a crucial factor for macroeconomic sustainability and the improvement of the investment environment.

## LENDING MARKET

The lending market has been defined for commercial banks and microfinance portfolios with contracts for the disbursement of loans up to 100,000 GEL and a maximum maturity period of five years for resident households. As of 2025, Crystal's market share totals 4.19%, compared to 3.79% in 2024.

In 2025, the portfolios of commercial banks increased by 21.1% (GEL 12,365 million) YoY, reaching GEL 13,542 million. Whereas microfinance organizations' portfolios grew by 30.00% (GEL 436 million) YoY and made up GEL 1,893 million. As such, the total market size for portfolios increased by 22.2% (GEL 2,802 million) YoY and stood at GEL 15,435 million.

In terms of loan contracts in 2025, the market size expanded by 10.67% (by 408 thousand) YoY over 2024 and amounted to 4.26 million contracts. In commercial banks, they increased by 11.42% (350 thousand) YoY and amounted to 3.416 million contracts. Loan contracts from microfinance organizations increased by 7.68% (58.4 thousand) YoY, equaling 819 thousand in total.

## INTERNATIONAL RATINGS

### Moody's Global Rating

In March 2025, Moody's revised Georgia's credit rating outlook from Ba2 stable to Ba2 negative. The main reasons were the volatile political situation in the country and negative expectations concerning external sanctions.

With microbank license successfully obtained in early 2025 and significant new opportunities opening, we have taken a new look at our mission, vision, and strategy, simultaneously redesigning our brand promise, and coming up with updated vision in terms of customer segments, products, and services we want to offer.

Crystal's updated mission is to strengthen entrepreneurs with capital, knowledge, and skills, so that they transform opportunities into wellbeing. By providing entrepreneurs and individuals of Georgia with access to financial products and services, knowledge, technology and skills, Crystal will enable them to create jobs in the economy, build assets and improve standard of living across the country.

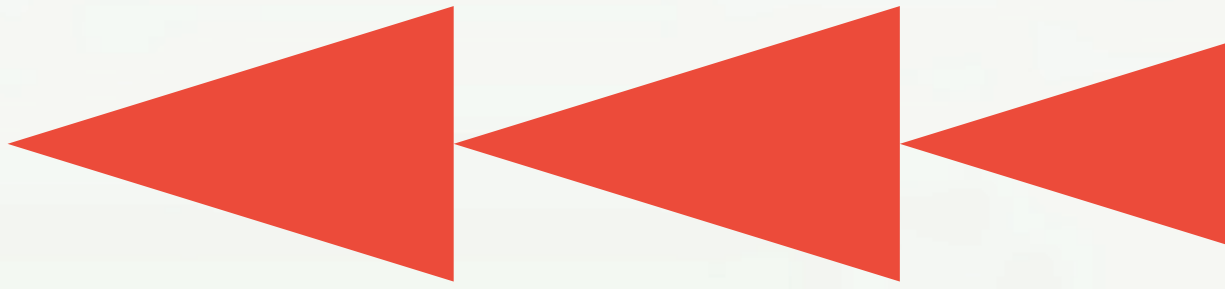
Crystal's updated vision is to be the leading bank serving micro and small entrepreneurs, while operating on principles of commercial performance and social and environmental sustainability.

Crystal's brand promise is to act as a trusted partner, providing business or individual customers with opportunities to start or develop their businesses, improve livelihoods, and build a better future for their families and society.

Crystal's strategy is to leverage existing brand, customer base and extensive branch infrastructure, while diversifying its product offering to include savings deposits, remittances, currency exchange, and mobile banking to both existing and new customers, with focus on the rural segment, micro and small entrepreneurs. Upon obtaining a microbank license, Crystal will continue to serve the same segment of customers and gradually expand into SME sector, from a much stronger financial and institutional platform, thereby creating more value for all our stakeholders.

#### **Mid-term strategic objectives are as follows:**

1. Obtain leading market position in the microfinance segment and deliver strong financial performance.
2. Maintain focus on core (micro) clientele, while gradually increasing share of business with SME segment.
3. Launch savings products, while gradually increasing their share in overall funding.
4. Further develop the existing credit product offerings (loans, leasing, etc.)
5. Develop non-credit products.
6. Upgrade institutional infrastructure, human resource capabilities and operational procedures to support the needs of the transformed institution.
7. Ensure digitalization of core business processes, develop and increase efficiency of digital channels.



# Business Model

CRYSTAL IS A LEADING GEORGIAN FINANCIAL INCLUSION ORGANIZATION, WHICH PROVIDES A WIDE RANGE OF FINANCIAL SERVICES.

WE FOCUS ON RENDERING THE BEST PERSONALIZED CUSTOMER EXPERIENCE IN MICRO FINANCE VIA BRANCHES AND DIGITAL CHANNELS.



**THE FOLLOWING DIAGRAM ENCAPSULATES CRYSTAL'S BUSINESS MODEL:**

PRODUCTS/ INPUTS		CHANNELS	SEGMENTS		
Microloans	Instalments	Branches	Small Holder Farmers		
SME Loans	EE&RE	Direct	Micro Entrepreneurs		
Leasing	Factoring	Mobile	SMEs		
		Online	Retail Customers		
Payments	Consulting	Call centre	Special Groups		
Currency	Technology	Agent Network	Youth	Women	Diaspora*
Insurance	E-commerce	Merchants			
					Vehicle buyers Mortgage & GG loan users

\* Future products and segments



Our lending business offers a variety of products to retail and business clients, creating an exceptional customer experience, with comfortable and innovative microfinance and leasing solutions.

Our non-credit business offers an expanding range of transactional products such as banking accounts, payments, money transfers, currency conversion, insurance, and related services.

Crystal's funding sources are diversified and derived from foreign financial institutions, although local commercial banks and funds raised via deposits and promissory notes represent a significant source of funding. Crystal has also developed alternative funding, such as issuing and placing corporate bonds.

# Significant Business Updates

In 2025, Crystal reached a turning point in its microbank transformation implementing new non-credit products, strengthening the existing line, and offering new products to its customers.

Over the year, Crystal's gross loan portfolio (excluding leasing) grew by 10.48%, reaching 568 million GEL. The company served more than 139,000 clients with loan products. Moreover, a total of over 675 million GEL was issued in credit, representing a 4.6% YoY increase compared to 2024.

It was also a significant year for growth in the deposit portfolio. Fundamental changes were implemented to develop term deposits and promissory notes, yielding record results for the company. By the end of June 2025, a term deposit product had been created and successfully launched on the market – within the five-month period from launch, a deposit portfolio of 21 million GEL was generated. Simultaneously, the promissory note portfolio grew significantly; from 13 million to 58 million GEL, representing a 346% increase. As a result of the combined effect of these two products, the total portfolio of attracted funds exceeded 79 million GEL, representing a 508% increase compared to the initial figure (13 million GEL).

Crystal remained an active supporter of the agricultural sector and significantly contributed to its strength and resilience. Specifically, the volume of the agricultural portfolio exceeded 123 million GEL, which is 11% higher than the previous year.

Additionally, improvements were observed within the business portfolio in 2025. By the end of the year, it surpassed 225 million GEL, exceeding the previous year by 12.5%.

This growth trend was also maintained in auto loans; as of December 2025, the portfolio grew to 64.5 million GEL.

In 2025, the entirely new position of Visitor Officers was created. Their involvement has markedly simplified the income verification process. Thanks to this innovation, it has become possible to verify the income of borrowers more flexibly, thus reducing service time and increasing customer satisfaction.

A new unit was also established within sales – the Sales Contact Hub, focused on servicing small loans. Notably, the hub offers customers remote access to both credit and non-credit products.

Throughout the year, Crystal also implemented substantial changes regarding its non-credit products. The Identomat facial recognition system was introduced, enabling remote identification and onboarding for new clients, as well as the opening of new accounts. Management of active term deposits and accounts equally became available through the client's online portal.

The year 2025 was important in terms of remittances. A new version of the system for transfers, UMTS, was implemented. As a result, the system's flexibility and

efficiency has improved. Regarding the expansion of non-credit income, the creation of multi-currency accounts for customers played a significant role – by the end of 2025, income from accounts and related services amounted to 390,000 GEL.

The scope of SMS services has expanded and the number of clients using this service has accordingly risen. In total, income from non-credit products exceeded 2,100,000 GEL in 2025, which is 26% higher than 2024.

Additionally, cooperation began with a new insurance company, Imedi L. Over the year, the life insurance portfolio grew by 10.4%, exceeding 523 million GEL; more than 95.6% of customers use the product. As a result, the company received 4.3 million GEL in net income from the sale of insurance products.

In January 2025, the company officially obtained license for issuing Mastercard debit cards. Integration of the card and processing systems was completed, and Crystal was registered as a bank in processing centers. Card designs, tariffs, limits, processes, and procedures were approved, and the process was established to begin debit card sales to customers from 2026.

A new campaign management system, Optio, was implemented in the company, offering a 360-degree view of client data. This solution enables the company to implement sales campaigns tailored towards specific segments.

To provide continuous high-quality service to customers via digital channels, training and qualification testing were planned and delivered to Contact Hub employees. These actions have significantly strengthened the team's professional competence and service quality. In total, over 92,000 incoming calls were recorded and over 40,000 messages were received through various channels in 2025.

The year was marked by improvements in customer service, demonstrated by the decreasing number of complaints filed. Specifically, this indicator fell by 20% in 2025.



# Leasing

The leasing portfolio grew to 19 million GEL in 2025, representing a 15% increase. Following the transformation into a microbank, and the subsequent removal of the prior 100,000 GEL limit for microfinance organizations, the average funding per customer rose by 25%. The removal of this restriction enabled Crystal to begin cooperation with local companies that supply new equipment, consequently expanding customer access to high-quality machinery under warranty terms. Furthermore, it became possible to attract more sustainable SME clients.

The year was also notable for the implementation of digital technologies. A remote contracting service was introduced using digital solutions in 2025. As a result, substantial time was saved for both the customer and the company, and the 'paperless' approach also reduced negative environmental impacts.

The leasing market continued to grow throughout 2025. From a sectoral perspective, the construction, trade, transport, food and beverage sectors continued to account for a significant share.

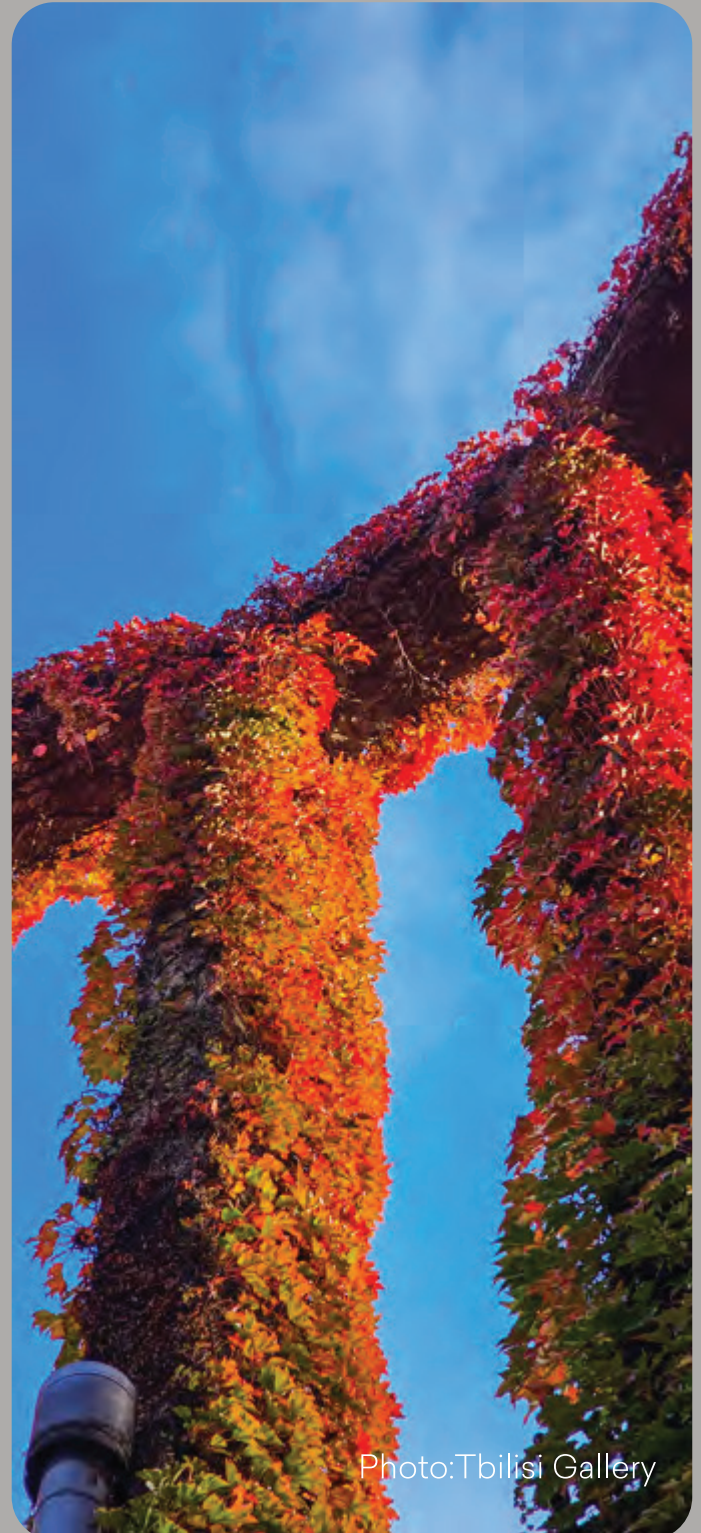
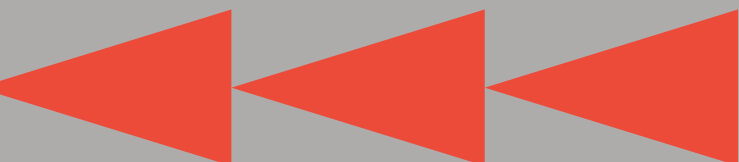


Photo:Tbilisi Gallery



# Relationship with Investors and Funding



In 2025, Crystal received financial resources in the amount of 82 million USD from local and international financial institutions.

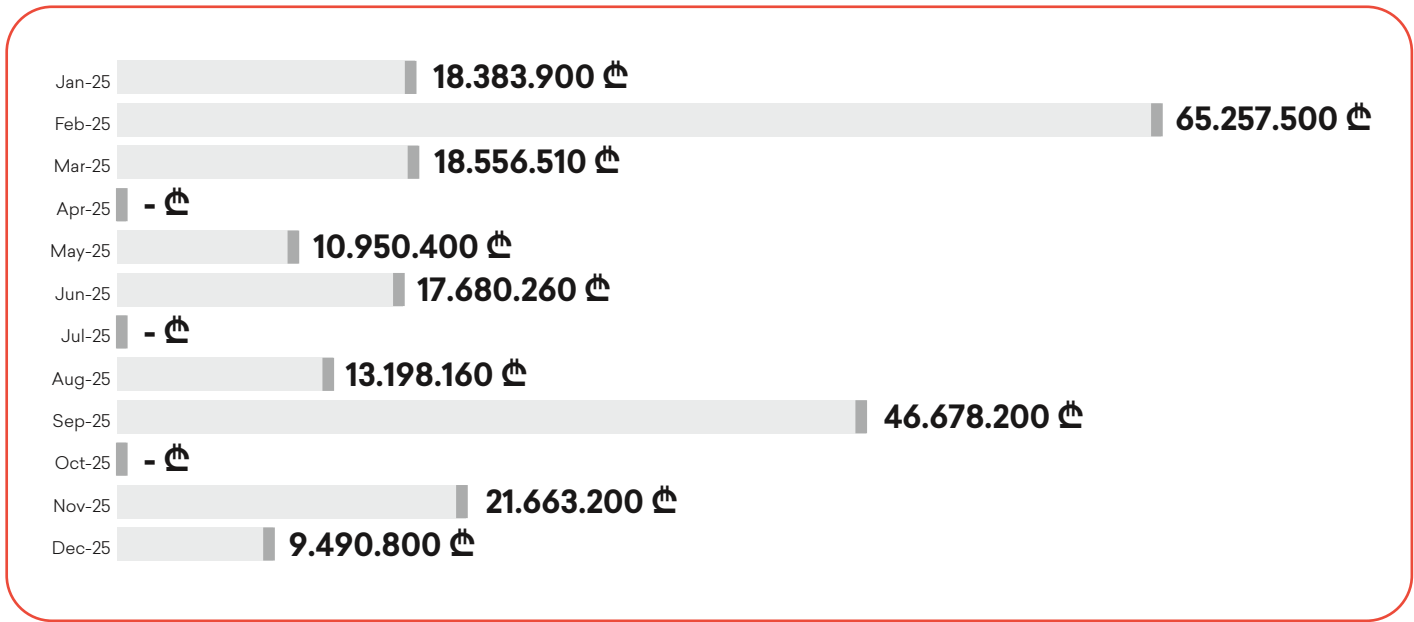
Crystal's international partners include influential financial institutions such as the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEB), the French Development Agency (Proparco), the Dutch Development Bank (FMO), BlueOrchard, responsAbility, Triple Jump, Kiva, DWM, and Bank im Bistum Essen, amongst others.

The credit resources received supported various strategic directions, providing innovative financial services to small and medium enterprises, micro-entrepreneurs, women, young people, and farmers; promoting renewable energy and energy efficiency; enhancing access to finance; and refining and diversifying products.

During the year, 23 transactions were completed, equivalent to 222 million GEL in total, of which:

- 18 were with international partners (185 million GEL).
- 5 were with local banks (37 million GEL).

In terms of the respective currencies, the ratio was as follows: 59% in GEL, 35% in USD, and 6% in EUR.



Crystal took crucial steps to diversify its funding over the year. The company commenced cooperation with the European Bank for Reconstruction and Development (EBRD), under which it signed a \$10 million agreement. Additionally, €8 million agreement was reached with the Council of Europe Development Bank (CEB). Collaborating with these major financial institutions enhances Crystal's international profile and increases its credibility among financial market participants.

*\*Funding Outcomes by Month (in GEL).*

In total, the company managed 486 million GEL in liabilities in 2025. The international market remained a substantial source of funding, accounting for 405 million GEL, an 83% share. Notably, the share of promissory notes grew significantly throughout the year, reaching 58 million GEL (representing 12% of the total portfolio) by the end of 2025.

During the year, 18 transactions were made on the international market, significantly exceeding the volume of transactions with local banks. This trend was driven by the acquisition of a microbank license, resulting in a shift in the management of banking products to the Treasury Department. Following the transformation, interbank transactions have exclusively been conducted through the Bloomberg System.

In February 2025, the refinancing of 25 million GEL in corporate bonds was successfully completed by securing 65 million GEL in new funding. It is worth noting that such periods create potential liquidity risks for the company, therefore preparations always begin well in advance. Furthermore, approaching the spring season economic and agricultural activities increase in the market, requiring the additional mobilization of financial resources.

In 2025, the company's capital position was strengthened by an additional subordinated loan. Crystal's partner in this transaction was Triple Jump, the international financial institution, which allocated resources in the amount of 21 million GEL. Resultingly, Crystal's capital adequacy ratio improved.

Since 2017, Crystal had been collaborating with the international credit rating agency Fitch Ratings. In 2025, Scope Ratings became the company's new rating partner and assigned Crystal a credit rating of 'B+' with Stable Outlook.

# Technical Assistance in 2025

Alongside the funding process, the team also actively worked on technical assistance. Since the beginning of the year, the core focus has been supporting the banking transformation. Thus, the technical assistance program was also tailored towards the needs of the banking sector. The Dutch Development Bank (FMO) offered significant support in this direction, which, within the framework of a new initiative, launched a support program focused on climate risk reduction and management. Additionally, responsAbility funded training programs aimed at developing leadership skills. The company received crucial support from Finance in Motion in the form of the ECL Review and Enhancement Project. In total, Crystal signed four contracts and received commitment of €520,000 in technical assistance programs.

## Transaction Partners in 2025:



## Risk Management Framework

The year marked a significant milestone as the company completed the process of transforming from a micro-finance organization into a micro-bank. This transition expanded the regulatory framework and increased the requirements regarding capital, liquidity, and other risks.

The microbank operates within an integrated and comprehensive risk management framework, which ensures financial stability, supports strategic objectives, and maintains full compliance with regulatory requirements.

The risk management system is based on risk appetite principles and is integrated across all business lines. The framework is built upon the 'three lines of defense' model.

## Risk Appetite and Governance

Following the acquisition of microbank status, risk appetite was updated in accordance with micro-banking regulatory standards, including capital buffers, liquidity limits, and concentration risk requirements.

## Macroeconomic Environment

Throughout 2025, the bank operated within a volatile macroeconomic environment, which was consequently factored into liquidity stress testing and capital planning processes.

## Risk Profile Overview

<b>NON-PERFORMING:</b>	<b>3.5%</b>
<b>COST OF RISK:</b>	<b>23,458 GEL</b>
<b>CAPITAL ADEQUACY RATIO (CAR):</b>	<b>19.09%</b>
<b>LIQUIDITY COVERAGE RATIO (LCR):</b>	<b>1,700%</b>
<b>OPEN CURRENCY POSITION (OCP):</b>	<b>1.13%</b>

## Credit Risk

Credit risk is the bank's primary risk, managed through portfolio diversification and centralized underwriting.

Expected credit losses are recorded in accordance with IFRS 9 and fully comply with banking supervisory requirements.

## Operational Risk

Operational risk management has been strengthened in line with banking regulations, with a particular focus on information security and cybersecurity.

## **Compliance Risk**

The microbank maintains zero tolerance for compliance violations and ensures full adherence to all banking regulations.

## **Liquidity and Market Risks**

Liquidity management is conducted by the ALCO Committee. Under its microbank status, Crystal is subject to regulatory liquidity standards, including LCR and NSFR requirements. The microbank maintains a much more conservative approach to FX risk than proposed in the regulatory requirements; additionally, IRR is strictly controlled.

## **Capital Adequacy**

As a result of the microbank transformation, capital adequacy management requirements have risen. The bank maintains its CAR well above the regulator's minimum requirements.

## **Stress Testing**

Stress testing results are utilized in capital and liquidity planning.

## **Data and Analytics**

The improvement of data quality and the strengthening of risk-analytical capabilities remain ongoing.

## **Outlook**

In 2026, the microbank will continue its institutional strengthening of the risk management system within its banking status and ensure proactive compliance with all regulatory requirements.



# Environmental and Social Responsibility

## SIGNIFICANT PROJECTS IMPLEMENTED IN 2025:

- Gender and Green Innovation Awards 2025 – Crystal emerged as one of ten companies to win, selected from over 200 participating organizations worldwide. The contest was organized by the Asian Development Bank (ADB) and the Central Asia Regional Economic Cooperation (CAREC) program.
- The microbank Crystal won a special award at the annual Corporate Sustainability Award – Business for Sustainable Development ceremony, hosted by the UN Global Compact Network Georgia.

## SUPPORTING ECONOMIC AND SOCIAL EMPOWERMENT OF WOMEN AND GIRLS

- Within Crystal's Buzz Georgia program for the personal, entrepreneurial, and economic empowerment of women, 6,200 women gained access to financial education, entrepreneurial awareness-raising, and personal development opportunities between 2020 and 2025. The program is based on the Buzz Women Global 5C (Cash, Care, Confidence, Climate, Community) model, uniting economic and social empowerment components.
- To continue the large-scale impacts of Buzz Georgia, based on the 5C model, Crystal in partnership with the Believe Foundation implemented the Supporting Entrepreneurship for Girls and Women in Poti project, reaching approximately 50 schoolgirls. The sessions were led by women leaders from the Buzz Georgia community and Crystal's Buzz trainers.

- In February 2025, in collaboration with ADB, training was conducted for female entrepreneurs and tourism sector employees, integrating gender and climate awareness within financial education.
- Crystal participated in a global initiative – Ring the Bell for Gender Equality 2025. A female client of the bank joined the panel session to share her experiences regarding supportive financial environments for women.
- In 2025, Crystal sponsored the largest women's entrepreneurship exhibition in the country – Women Expo 2025 (200+ participants), organized by UN Women Georgia.
- The company supports young female weightlifter Nana Khorava (U20 European Vice-Champion) as a positive role model for women's empowerment.
- In partnership with MAC Georgia, Crystal funded higher education for four socially vulnerable female students in 2024-2025.
- The Women's Months campaign was conducted for employees, featuring quiz contests, webinars, and media materials on women's rights, health, and entrepreneurial achievements.
- For external audiences, the company produced video stories and articles featuring female entrepreneurs and successful Crystal employees to highlight the role of women in economic and social life.
- Environmental Protection and Green Initiatives

- As of 2025, five Crystal branches have transitioned to solar energy usage.
- The digital signature system (Signify) was introduced and is operating effectively, significantly reducing paper consumption.
- Through a partnership with Tene (a USB cable manufacturer), over 185 kg of plastic and batteries were collected over two years.
- Crystal is actively working on raising awareness of its eco-friendly clients and has launched a video series highlighting entrepreneurs who conduct environmentally responsible business activities.
- In cooperation with Sadagi, the Georgian Cleaners' Guild, and with the involvement of Crystal's green ambassadors, cleaning of the Gudauri resort area took place for the second time.

### **SOCIAL, EDUCATIONAL, AND PARTNERSHIP INITIATIVES**

- Crystal is a member of the Pro Bono Network. Between 2018-2025, the company provided expert consultancy and financial support to 15 social enterprises and up to 50 social entrepreneurs.
- Crystal supported the establishment of a robotics learning club at Vani Public School No.2.
- In partnership with the Lib.ge Academy, informal education was made more accessible to children in Abkhazia, teachers in Akhalkalaki, and migrant women and girls.
- On March 21, 2025, Crystal continued its tradition of supporting World Down Syndrome Day through financial contributions and awareness-raising activities.
- Since 2014, Crystal employees have actively participated in the Wings for Life World Run global marathon. The company again joined the world run this year to support those with spinal cord injuries.



# People in Our Organization

Crystal is represented by 48 branches nationwide, and it employs 1,047 people. The team includes older, seasoned professionals alongside the new, so-called Gen Z age group, a combination that fuels the company's continued success.

The new motto – **Bank of Your Opportunities** – is not just a message for customers, as a company vision it also reflects the organization's attitude towards employees. Crucially, the approach to its employees is built on care and partnership:

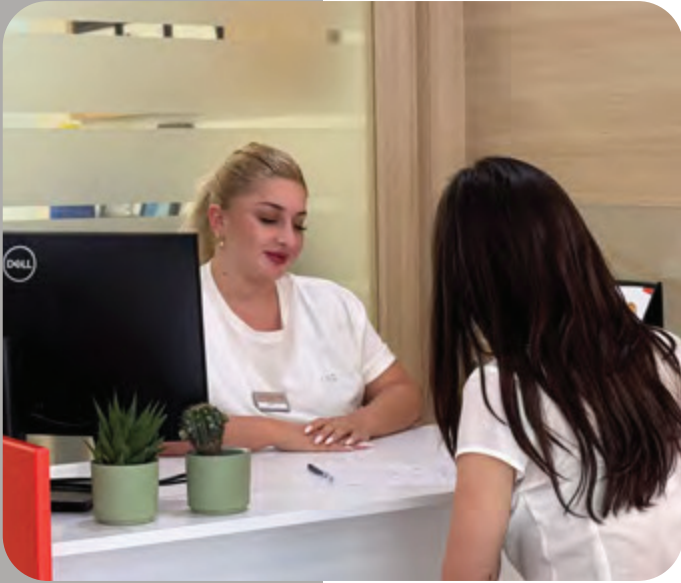
- Care – Crystal is a place where every individual has genuine opportunities for development, learning, and growth.
- Partnership Relations – employees are viewed not merely as staff, but as partners in the company's success. Furthermore, Crystal continuously aligns with their interests and needs, thus maintaining an employee-centric corporate culture.

The company achieved considerable progress in management and talent development in 2025:

- Throughout the year, particular focus was placed on strengthening talent development programs, as demonstrated by the introduction of new training modules and improved staff engagement.
- Processes were digitized to expand efficiency and reduce the time spent on operational tasks.
- In total, 207 training sessions incorporating various formats and content were conducted, with 6,416 employees involved.
- Special emphasis was placed on employee motivation and engagement, which was reflected in various initiatives, and this contributed to an enhanced working environment. As such, diverse activities were instigated, each tailored to the needs of employees with different interests.
- Taking these activities into account, the employee turnover rate further reduced to 10.89%. Thus, the downward trend observed in recent years has been maintained, which confirms success of Crystal's policy towards employee loyalty and engagement.

## STATISTICS

- The company hired 219 employees under labor contracts and 155 contractors under service agreements.
- 86 interns were employed across various positions (90% in the branch network and the remaining within head office positions).
- 128 employees changed roles, 53%, through vertical promotion.



## HR PULSE – CLOSE TO EMPLOYEES

To improve accessibility and communication with employees, HR Business Partners and recruitment specialists launched scheduled branch visits. As the name suggests, the initiative ‘checks the pulse’ through on-the-spot direct communication with each employee and through timely responses to local needs. Within this year’s visits, the team covered all 48 branches across six regions.

## DIGITALIZING HR – SIGNIFY AND HELIO.AI

The HR team continuously works on refining and improving internal processes, thereby simplifying operations, and supporting employee development and efficiency.

- The Signify platform was implemented into HR processes, enabling document administration within a single space. Signify has notably simplified the signing process, freed up time, and reduced the additional costs associated with paper-based signatures.
- In terms of recruitment, a partnership with Helio.AI began in 2025. The candidate selection process was fully digitalized and became much simpler. The platform ensures a fast, transparent, and flexible exchange of information amongst all parties involved, consequently improving process efficiency.



## PEOPLE DEVELOPMENT

In 2025, staff development efforts focused heavily on training related to microbank transformation: the existing training programs were updated to reflect new banking products, processes, and regulations in full. In addition, entirely new basic programs were developed for various positions. Simultaneously, a continuous training model was introduced to strengthen competences within the branch network, and training on banking product sales was implemented. Managerial skills were also built upon in terms of inclusive leadership.

The training format for new hires was improved; the proportion of practical, classroom-based training was increased, and mechanisms for the systemic monitoring of participant engagement and progress were introduced. These efforts enhanced the acquisition of high-quality knowledge and rapid adaptation into respective roles.





# Success Achieved Together

It was a special and breakthrough year for Crystal. On February 12, 2025, the company obtained its micro-bank license. Within just four months of receiving the license, it commenced operations with an unprecedented pace and scale – something no other financial company has ever accomplished on the Georgian market.

Behind this great achievement stood a unified team who, through significant responsibility, engagement, proper coordination, and cooperation, managed to complete numerous complex tasks in the shortest possible time, which proved that Crystal is ready for large-scale changes.

This was a major victory for the company, and it once again demonstrates the suitability of Crystal's strategic course and long-term vision.

Critically, behind this large-scale success lay the joint effort of two strong and closely coordinated teams. The Project Manager for banking licensing and operations was Nino Meskhi, Head of the Strategic and Organizational Development Department, whose leadership and strong execution capacity enabled the effective management and implementation of this complex, multi-stage project and realization of the company's strategic vision.

The successful completion of the project's first phase is attributed to the **Licensing Team**, which worked extensively on preparing the documentation package and establishing processes. The core team included Nikoloz Gegeshidze, Head of the Legal Department; Nino Kalandadze, Head of the AML and Compliance Department; Nino Metreveli, Corporate Secretary; and Ana Datukishvili, Head of the Compliance Unit.

Obtaining the license was a difficult and complex process that required detailed analyses of legal, financial, and administrative aspects, as well as compliance with the requirements of regulatory bodies. Throughout this process, every team member demonstrated an elevated level of responsibility, analytical precision, and result-oriented work. As a result of their professionalism,

systemic approach, and dedication, Crystal successfully passed every stage of the licensing process, culminating in the receipt of its microbank license on February 12.

Following receipt of the microbank license, an equally important project began, the success of which is linked to the Banking Operations Team. This team ensured the activation of new banking processes and the launch of products within the shortest possible time. Through the team's efforts, operational models, systems, and standards essential for starting full-scale banking activities were implemented. It is also noteworthy that through the efforts of the Operations Team, just four months after obtaining the microbank license, the company was able to launch its first banking products. These included account creation, deposits, and term deposits. Additionally, extensive preliminary work was conducted for the issuance of plastic banking cards.

The readiness, flexibility, and adaptability of employees are particularly noteworthy: new regulations, new systems, and new responsibilities were managed with expert professionalism and a result-oriented approach.

Human capital is indeed the main force that allowed Crystal to transition successfully into a completely new stage of development within a brief period.

Crystal's vision – **employees as partners** – was confirmed once again during this process. Each employee's contribution, initiative, and engagement became part of the collective success. This achievement belongs to everyone who participated in this journey: those who led the changes and those who, through their daily work, reinforced the company's stability and the path toward new success.

It is precisely this team spirit that lays the foundation for Crystal's further development and offers firm confidence that in the future, through joint efforts, the company will be able to achieve even more ambitious goals.

# Management of Operations

Throughout 2025, the **Centralized Back Office Department** fully and successfully implemented all the projects planned and initiated since 2024 for the purposes of microbank transformation:

- Mandatory services were effectively implemented with the Revenue Service, the National Bureau of Enforcement, the Register of Debtors, and the NAPR. The processes became automated and expedited.
- An inventory of all processes within the Department was conducted; accordingly, an update of the rules and processes is also underway.
- The process of obtaining a SWIFT connected BIC for Crystal was completed. As a result, the company was assigned the connected BIC code: BCRYGE22. Since June 16, the microbank has been actively involved in the SWIFT international system and has successfully been performing operations.
- As of November 22, 2025, the microbank fully switched to the new SWIFT ISO20022 standard, ensuring a more structured and secure exchange of foreign currency transfers and receipts.
- The Department is actively involved in the banking cards project.
- In 2025, the National Bank's RTGS system was successfully implemented within a live environment.

For the first time in the company's history, the Department applied operations and processes for robotization. Since the second half of 2025, the microbank's first robot, EVA, has actively and efficaciously been performing four routine processes, which have saved employee time and resources markedly. These processes include functions from both the credit and non-credit operations units.

Through departmental effort, a new Service Desk was created, which saves considerable time for every user.

**The Corporate Infrastructure Department** ensured the organization of internal processes, rational resource management, smooth infrastructural operations, and the creation of a safe, comfortable working environment for employees throughout the year. To this end:

- Operator workstations were established in branches (design changes, reconstruction, inventory, and installation works).
- A full-scale Cash Center was established.
- Renovation works were conducted in six branches and the relocation of several branches and corresponding works were planned.
- The Tbilisi Installment Centre underwent reconstruction.
- Intensive work was conducted to obtain permits and to change the signs on external façades as part of the rebranding process.
- The list/matrix of recorded documentation for the period was reviewed and updated. This information supports the complete recording of company-produced documentation, the standardization of storage processes, the minimization of document loss risks, the definition of responsibilities, and ensuring confidentiality and appropriate access.
- Under the structural change, Corporate Security was subordinated to the Corporate Infrastructure Department, and corresponding works were planned in terms of change management.

**The Procurement Department** actively supported the electronic signature (Signify) project that was implemented last year, which involved the inclusion of other structural units beyond its procurement function. In 2025, the Signify platform was additionally implemented for HR and Leasing, making internal processes even more flexible and efficient, and producing a positive effect on the relationship with external vendors, this included:

- The Department actively supported the branch rebranding project (updating signs, lightboxes, etc.)
- 32 tenders were conducted throughout the year.
- As a support unit, the Department participated in transformation-related activities.
- The Department provided substantial support to various structural units in organizing motivational activities or events and in purchasing high-quality services or products.

**The Cash Management Department** was actively involved in the microbank transformation. It made a significant contribution both to obtaining the microbank license and bringing cash operations into compliance with regulations:

- The team fully ensured alignment of existing rules with National Bank of Georgia regulations.
- Following receipt of the microbank license, the existence of the Cash Centre enabled Crystal to perform cash-in-transit (CIT) operations with the NBG. Within the framework of cooperation with the National Bank, Crystal joined the electronic system for cash receipt and issuance applications, through which the registration and management of CIT operations are conducted.



Photo:Tbilisi Gallery





# Information Technologies

IT WAS A SPECIAL YEAR FOR THE INFORMATION TECHNOLOGY (IT) DEPARTMENT BOTH IN TERMS OF SCALE AND THE RESULTS ACHIEVED. THE DEPARTMENT HAD TO PERFORM INTENSIVE WORK TO ENSURE FULL COMPLETION OF THE HISTORICALLY SIGNIFICANT TRANSFORMATION PHASE, WHICH ALLOWED OPERATIONS TO CONTINUE WITH MINIMAL DISRUPTION IN JUNE 2025.

Supporting the transformation required months of continuous effort across infrastructure, software development, project management, business analysis, and software quality assurance (QA). The success of the project was a result of precision coordination between teams, timely decision-making, and the effective management of technical challenges.

Throughout 2025, the Project Management and Business Analytics Department ensured planning, processing, monitoring, and the final completion of over 100 projects, many of which related to the modernization of critical systems, the implementation of new platforms, and the rapid response to business requirements. Notable projects include: cash transfers, currency transfers, banking transfers and treasury transaction modules; management of leasing fee payments; cash deposits from rapid payment terminals; opening of IBAN accounts; implementation of NAPR service; deposits; automation of services with the public registry; integration with the National Bureau of Enforcement; integration with the Revenue Service; automation of print forms related to the banking transition; update of the banking chart of accounts; automation of certificate templates; update of SMS notifications; banking reports; implementation of e-signature functionality for leasing contracts; AML risk narrative module; centralized authorization system; API Gateway; information security risk management portal; logging of user actions; automation of overdue loan write-offs; Optio; optimization of PMO processes; robotization; Dressler statistical model for income assessment; facial recognition service; Crystal Service Desk system; data archive system; segmentation of credit clients; modernization of CrystalOne; modernization of Akido, update of the ASM module; implementation of a new currency module based on the ISO 20022 standard; and processing of more than 125 reports.

The Software Quality Assurance Unit also made substantial effort. Under which, testing of the following important systems and modules was conducted: cash and currency transfer systems (RTGS, SWIFT), National Bureau of Enforcement (NBE), Debtors' Registry, Rev-

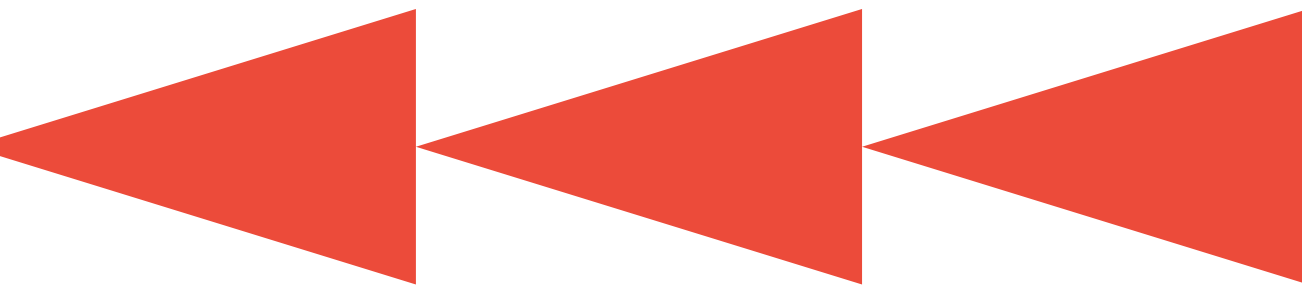
enue Service, deposits, leasing collection, Leasing Signify, PayBox payment services, print forms, automation of certificate templates, Optio services, robotization project, Identomat, AML risk narrative, business service desk, Dresler (Middleware), SMS (marketing broadcasts), commission deduction job, DM, Creditinfo databases, KYC verification in AML, billing collection logic, overdue loan write-off logic, registration of new collaterals in LMS, and leasing logs.

In addition, testing of the existing core systems, the LMS and B6 versions, was conducted continuously. This went alongside development of the internal web applications Akido and Crystal One, and testing of the associated services and changes.

Moreover, the automation of Crystal One was actively pursued to improve product quality and ensure the effective use of human resources.

In terms of infrastructure, several noteworthy projects aimed at improving service quality, strengthening security, and optimizing infrastructure were implemented in 2025. The branch infrastructure was reinforced, Wi-Fi systems were installed, and computer equipment was fitted in interview booths. Network security in branches was also strengthened by updating the infrastructure. To reduce the company's operating costs and optimize infrastructure, the Alta test environment was fully migrated to a local data center. During the banking transition process, a new Alta training environment was promptly set up. To improve business continuity, new UPS stations were installed in the backup server room. Throughout 2025, the Department was actively involved in the information security audit. Test and pre-production environments were created for the Data Lake project, while development, pre-production, and production infrastructures were each organized within the framework of the Optio project.

As part of the IT internship program, a multi-stage intern selection process was also conducted, following which seven individuals were employed within various technical directions.



# Information Security

**IN 2025, SEVERAL SIGNIFICANT STEPS WERE TAKEN IN TERMS OF INFORMATION SECURITY, IMPROVING CYBER INCIDENT PREVENTION AND RESPONSE CAPABILITY.**

Throughout the year, the configurations of security tools (SIEM, DLP, PAM, Office 365) were fundamentally updated; compliance with National Bank regulations improved significantly (Cybersecurity Framework, Cloud Outsourcing Service Guidelines, Rule on Electronic Implementation of Preventive Measures by an Accountable Person); a pilot program for the Cyber Threat Intelligence system was implemented; a self-assessment of the SWIFT cybersecurity framework and compliance with its requirements took place; penetration testing of critical systems was performed; and the Security Operations Centre (SOC) was established.

# Governance Statement





**CRYSTAL IS COMMITTED TO MAINTAINING HIGH STANDARDS OF CORPORATE GOVERNANCE, RECOGNIZING THAT EFFECTIVE GOVERNANCE IS ESSENTIAL TO THE BANK'S FINANCIAL SOUNDNESS, PRUDENT RISK MANAGEMENT, AND LONG-TERM SUSTAINABILITY. THE GOVERNANCE FRAMEWORK IS DESIGNED TO ENSURE RESPONSIBLE DECISION-MAKING, TRANSPARENCY, AND ACCOUNTABILITY, IN LINE WITH GEORGIAN LAWS, NATIONAL BANK OF GEORGIA REGULATORY REQUIREMENTS AND INTERNATIONAL BANKING BEST PRACTICES.**

## **GOVERNANCE STRUCTURE**

The Bank operates under a clear governance structure that defines the roles and responsibilities of the governing bodies and management. The Supervisory Board has overall responsibility for the strategic direction, oversight, and control of the Bank. It acts in the best interests of the Bank, its depositors, shareholders, and other stakeholders, while ensuring compliance with supervisory expectations.

The Supervisory Board approves the Bank's strategy, business plan, risk appetite, key policies, and internal governance arrangements, and oversees their effective implementation by the Management Board. The Supervisory Board also ensures that the Bank maintains adequate capital and liquidity and promotes a strong risk and compliance culture throughout the organization.

## **SUPERVISORY BOARD COMPOSITION AND LEADERSHIP**

The Supervisory Board comprises members with a diverse mix of skills, experience, and independence, collectively covering banking, finance, risk management, technology, and regulatory matters. All Supervisory Board members are subject to fit-and-proper assessments in accordance with National Bank of Georgia requirements.

The Chairperson of the Supervisory Board provides leadership to the Supervisory Board, ensures its effective functioning, and promotes open and constructive debate. The roles of Chairperson and General Director are clearly separated to ensure a balanced distribution of authority and independent oversight of management.

## SUPERVISORY BOARD COMMITTEES

To support its work, the Supervisory Board has established specialized committees according to the National Bank of Georgia's regulatory requirements, each operating under written terms of reference and reporting regularly to the Board. These include the Audit Committee and the Risk Committee. The committees enhance the Board's oversight of financial reporting, risk management, and internal controls.

## MANAGEMENT BOARD

The Management Board is responsible for the day-to-day management of the Bank and for implementing the strategy and policies approved by the Supervisory Board. Management operates within clearly defined authority limits and the risk appetite set by the Supervisory Board and ensures that the Bank's activities comply with applicable laws, regulations, and internal policies.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Bank maintains a comprehensive risk management framework covering all material risks. Independent control functions, including Risk Management, Compliance and Internal Audit which support effective oversight. Internal Audit operates independently and provides assurance to the Supervisory Board on the adequacy and effectiveness of governance, risk management, and internal control systems.

## ETHICS, REMUNERATION AND DISCLOSURE

The Bank promotes high ethical standards through a Code of Conduct and robust conflict-of-interest arrangements. The remuneration framework supports prudent risk-taking and aligns management incentives with the Bank's long-term objectives. The Bank is committed to transparent and timely disclosure, providing shareholders and stakeholders with a fair and balanced view of its performance, risks, and governance.

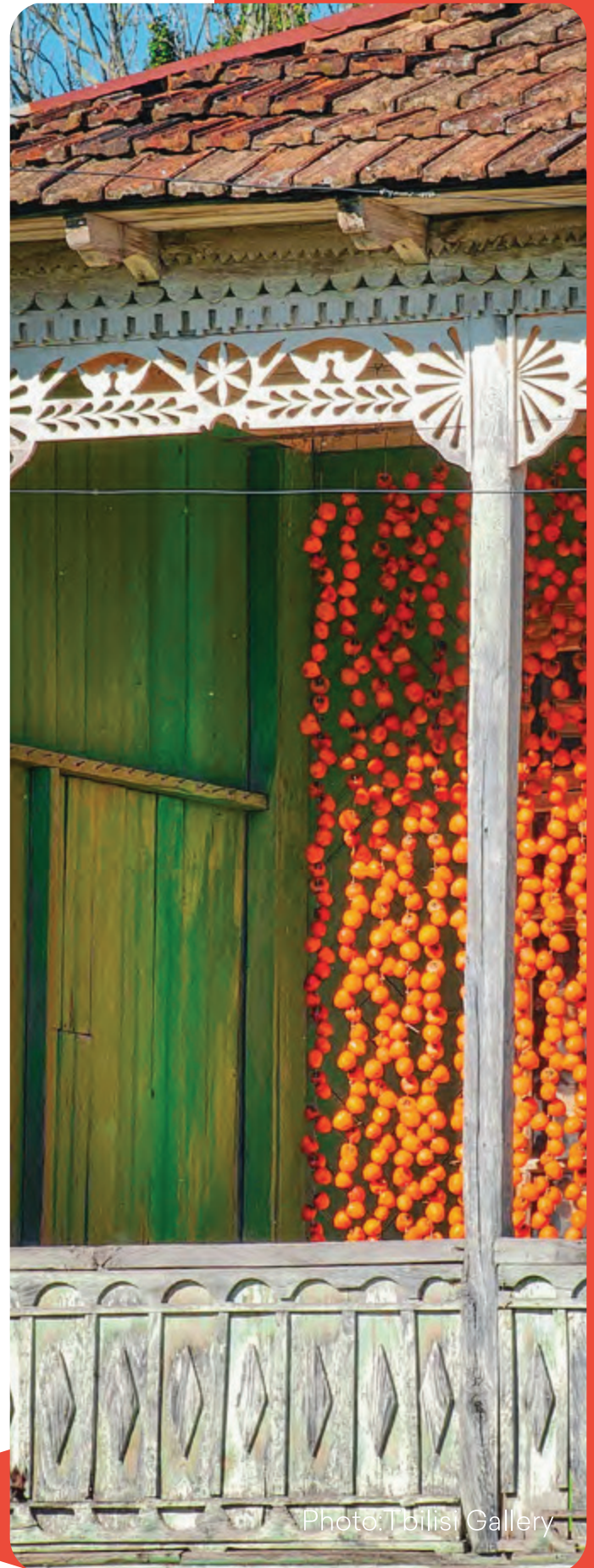


Photo: Tbilisi Gallery

# Supervisory Board

## CRYSTAL IS LED BY AN EFFECTIVE SUPERVISORY BOARD, COLLECTIVELY RESPONSIBLE FOR THE COMPANY'S LONG-TERM SUCCESS.

The Supervisory Board consists of six members: four Independent Directors and two members representing the founding shareholders and investors. Together, the Directors bring a wealth of experience in business development, corporate governance, banking and microfinance, fintech, and innovation.

### CHAIRPERSON

The roles of the Board and of the Chairperson are clearly distinguished from the responsibilities of the Board of Directors. The Chairperson is responsible for the leadership of the Board and ensuring its effectiveness in all aspects.

In 2025, there were two Chairpersons of the Supervisory Board. Archil Bakuradze served as Chairperson of the Supervisory Board until 22 October 2025. From 22 October 2025, Robert Scott Kossmann assumed the role of Chairperson of the Supervisory Board.

There have been no significant changes to Archil Bakuradze's commitments during his tenure as Chairperson of the Supervisory Board. Archil is the Founder of Microbank Crystal and Founder and CEO of Lotus Impact Finance, a Georgian investment, technology, and governance platform advancing inclusive and sustainable finance. He is also Chairperson of the Council of the Microfinance Centre. His role and responsibilities were governed by policies approved by the Supervisory Board.

Robert Scott Kossmann is an internationally experienced banker. He currently serves as Chairperson of the Supervisory Board at Crystal Bank and is a member of the Supervisory Board at Ukrexim Bank in Ukraine, where he chairs the Audit Committee. He devotes substantial time to his responsibilities at Crystal, and his role and duties are regulated by the respective pol-

icies approved by the Supervisory Board. He is also active as a fintech investor and startup advisor.

The Chairperson is appointed by the Supervisory Board and is accountable to the shareholders. The performance of the Chairperson is assessed by the company's Supervisory Board and shareholders, based on peer assessment. Upon the recommendation of the Board, the shareholders approve of the Chairperson's remuneration and any changes thereto.

### BOARD COMPOSITION

The Supervisory Board of Microbank Crystal operates in accordance with the Company Charter, Corporate Governance Code, and the regulations of the National Bank of Georgia. These frameworks clearly define the Board's mandate, roles, and responsibilities, regulate its activities, establish procedures and communication rules, provide guidance on managing conflicts of interest, and set out rules for the appointment and resignation of its members.

The SB members for 2025 were (in alphabetical order): George Arveladze (Georgia), Independent Member and Senior Independent Director (SID), Archil Bakuradze (Georgia), Member, Chairperson of the Supervisory Board till October 2025, Jan Dewijngaert (Belgium), appointed by Incofin IM, Lilit Gharayan (Armenia), Independent Member and Chairperson of the Audit Committee, Robert Scott Kossmann (USA), Independent Member, Chairperson of the Risk Management Committee, Chairperson of the Supervisory Board from October 2025, Barbara Roberta Sjoedina Sajet-Wasmus (Netherlands), Independent Member and Chairperson of the Environmental and Social Committee.

*\*Gowrishankar Matangi (India) represented the SB of Microfinance Crystal until the company's transformation into microbank. She chaired the Human Resources and Remuneration Committee of JSC Microfinance Organization Crystal.*

## ACTIVITIES OF THE SUPERVISORY BOARD

In 2025, the SB convened eighteen meetings, including two in person and sixteen held remotely. In addition, a total of 10 resolutions were adopted in written form. The number of meetings held by each SB committee in 2025 is as follows:

- < Risk Committee: 5
- < Audit Committee: 4
- < E&S Committee: 1
- < ALCO (Assets and Liabilities) Committee: 1
- < Human Resources and Remuneration Committee: 1

The ALCO and Human Resources and Remuneration Committees operated prior to the company obtaining the microbank license. Upon issuance of the license, ALCO's mandate and responsibilities were delegated to the Board of Directors, and the Human Resources and Remuneration Committee was formally dissolved.

The Supervisory Board (SB) receives detailed quarterly reports on the company's key performance indicators, including statements on its financial position. In addition, SB reviews quarterly risk reports. SB committees examine comprehensive materials and deliberate on matters within their respective mandates. SB also conducts regular reviews of progress against the implementation of strategic annual milestones.

The primary focus of the SB is to ensure effective oversight and sound governance of the company. Accordingly, SB resolutions address strategic matters, the overall organizational structure, board-level policies, and large-scale projects. The SB also oversees the motivation and performance appraisal of the Directors, approves annual milestones and financial forecasts, and submits recommendations to shareholders on matters such as dividend distribution, the issuance of new shares under management incentive plans, and the composition of the Board.

## SUPPORT OF THE BOARD

The Supervisory Board is supported by the Corporate Secretary, who plays a pivotal role in overseeing key governance bodies within the company, including the Shareholders, the Supervisory Board, its committees, and the Board of Directors. The Corporate Secretary ensures the smooth operation of meetings, maintains accurate records, and coordinates decision-making processes. Additionally, the Corporate Secretary is involved in the development of corporate governance regulations and facilitates communication with both internal and external stakeholders.

The Corporate Secretary aids the Supervisory Board in fulfilling its corporate governance and legal obligations, providing constructive input and recommendations where necessary. They also participate in the evaluation process and assist in the onboarding of new members. Further, the Corporate Secretary contributes to the creation of meeting agendas and documentation as per the Supervisory Board's instructions, compiles credentials while ensuring confidentiality and timely disclosure, and ensures the timely execution of tasks delegated by the Chairperson, Supervisory Board members, and senior executives regarding corporate management matters.

# Supervisory Board Members



## ARCHIL BAKURADZE

Member of the Supervisory Board / Chairperson till October 2025/- JSC Microbank Crystal. Archil is the Founder of Microbank Crystal and the Founder and CEO of Lotus Impact Finance, a Georgian investment, technology, and governance platform committed to advancing inclusive and sustainable finance. He serves as Chairperson of the Council of the Microfinance Centre, an international network of social finance institutions. A Chevening Scholar of the UK Foreign and Commonwealth Office, Archil holds an MBA from Lancaster University Management School. He is a Fellow of the John Smith Trust and a recipient of the international van Heuven Goedhart Award from Stichting Vluchteling, the Dutch Refugee Foundation.



## ROBERT KOSSMANN

Independent Member of the Supervisory Board /Chairperson from October 2025/- 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 currently heads Crystal's Risk Committee. He has spent the last 16 years working in Raiffeisen Bank International from 2004 to 2020 as Deputy Chairperson 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.





## **GEORGE ARVELADZE**

/left Crystal in December 2025/

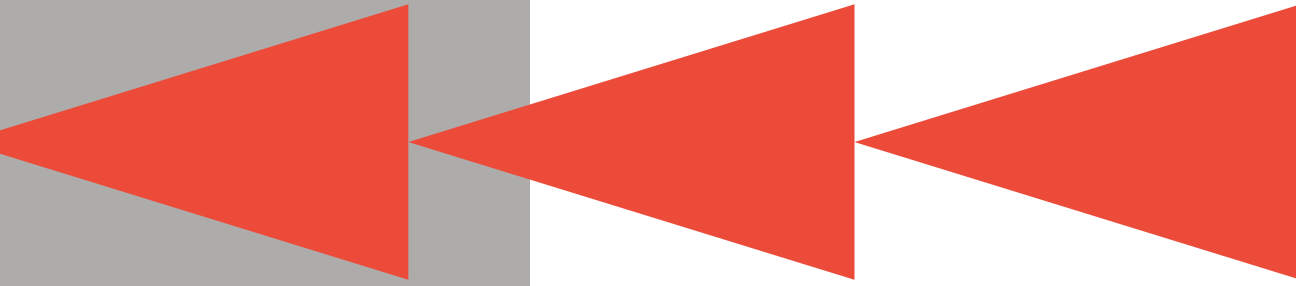
SID – Holds the position of SID in JSC Microbank Crystal Supervisory Board. George Arveladze is a Georgian businessman with more than 20 years of extensive experience in banking. Prior to his entrepreneurial involvement in real estate, transportation, and energy sectors in Georgia, he served as the Managing Director at TBC, the largest bank in Georgia, covering non-interest income, research, and brokerage businesses in the Corporate and Investment Banking arm of the bank. Prior to joining TBC, Mr. Arveladze worked as a CEO of Liberty Bank, Georgia's 3rd largest retail bank with more than 5,300 employees and over 650 branches throughout the country, which he led since 2013 delivering c.200% net profit cumulative annual growth in 2 years, an impressive and strong performance. Prior to his appointment as CEO, Mr. Arveladze served as Deputy CEO in charge of Strategic Projects, Treasury and Private Banking (2009-2011 years) and Deputy CEO, Chief Operating Officer (2011-2013 years). Before returning to Georgia in 2009, he worked in structured product sales at BNP Paribas in London. Prior that, he worked at the National Bank of Georgia. Mr. Arveladze holds an MBA from London Business School.



## **JAN DEWIJNGAERT**

Member – Mr. Jan Dewijngaert has broad Private Equity experience in acquiring, managing, and selling equity stakes in a wide variety of sectors. Executed more than 60 investments and exits in Europe and Asia. He acts as a Managing Partner or Managing Director and Member of the Investment Committee of various private equity funds. Mr. Dewijngaert has extensive Board Member experience in multiple sectors and countries. Currently, besides his Board role at Crystal, he acts as a Board member of BEM (real estate fund), Genesis Private Equity Fund (Czech and Slovak PE fund), and Araratbank (Armenia).





### **LILIT GHARAYAN**

Independent Member – is a financier and has been a member of Crystal’s Supervisory Board since July 2018. She currently heads Crystal’s Audit Committee. She has extensive experience of leadership as well as holding a consultant position in financial management, risk management, and operational management. Since 2015, Mrs. 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. Mrs. Gharayan is a graduate of the ProCredit Management Academy and is a member of ACCA.



### **BARBARA ROBERTA SJOEDINA SAJET E/V WASMUS** /left Crystal in December 2025/

is a seasoned development finance professional with 20+ years of experience. Since 2010, she has been an Investment Committee member of major impact investment funds at Developing World Markets. She also serves as member of the Board of Directors and Chairperson of the Audit Committee of KEP Trust, the leading MFI in Kosovo. Finally, Barbara is a Partner at Wasmus Consulting, where she has implemented various short-term projects for financial institutions and impact funds, mainly on credit and risk management. Early in her career, Barbara held senior executive positions in financial institutions (founding-MD of ProCredit Bank Angola, deputy-CEO of ProCredit Bank Kosovo), followed by a stint as Senior Investment Officer and Team Lead at Triple Jump. Barbara is a Certified Expert in Risk Management (Frankfurt School of Finance & Management) and holds an MA in International Relations from the University of Groningen.

## **MATANGI GOWRISHANKAR**

/left Crystal in February 2025/

Independent Member – Ms. Matangi Gowrishankar has over four decades of experience in senior leadership roles in business and HR, both in India and overseas. She currently heads Crystal's Human Resources and Remuneration Committee. She has experience across diverse industries with leading multinational corporations - Standard Chartered Bank, Reebok, GE, and Cummins Inc. Most recently she was with BP plc, (British Oil & Gas major) where her last role was Global Head of Capability Development (Downstream businesses) & Director of the Global Leadership Academy. Matangi is an experienced Independent Director and currently sits on a number of boards in India across diverse industries ranging from financial services, IT, and manufacturing companies. A career business & human resources professional, Matangi also has an independent Executive Coaching & Human Resources Consulting practice. She has deep expertise in business processes, and the full spectrum of Human Resources and Organization Development practice areas. She holds a BA in sociology and a post-graduate degree in Personnel Management and Industrial Relations from XLRI, Jamshedpur a premier business school of India. She is passionate about building high-performance teams and is actively involved in coaching and mentoring top leaders across several organizations.



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## **NINO METREVELI**

Corporate Secretary – Nino Metreveli is the Corporate Secretary at JSC MFO Crystal, joining in 2018 as Executive Assistant to the Chairperson. With over 20 years of experience, including 19 years in financial institutions, she also served as a Program Officer for the USAID-funded YES-Georgia program at Crystal Fund from 2019 to 2023. Her expertise includes teaching, managing administrative units, overseeing the operations of Boards of Directors, Supervisory Boards, and related committees, as well as coordinating projects. Nino previously served as Head of Secretariat and Corporate Secretary at Bank Constanta and later worked at TBC Bank from 2015 to 2018, focusing on PR and MSME directions. She holds a degree in English philology, specializing in PR and communication, and completed Morrow Sodali's Corporate Secretary Training Course in 2022. Nino is currently pursuing a Bachelor of Laws (LL.B.).



# Board of Directors



## **ILIA REVIA**

General Director - is an accomplished executive leader with extensive experience in large-scale transformation and change management across the banking and IT sectors. He began his career in IT project management in 2001 with a U.S. law firm. From 2007 to 2009, he served as a Project Manager at TBC Bank. In 2009, Ilia joined Bank of Georgia, where he progressed to the role of Deputy Chief Information Officer and led several complex, enterprise-wide initiatives, including the acquisition of PrivatBank Georgia and the bank's Agile transformation. Since joining Crystal in the second half of 2019, he has successfully led the company's strategic turnaround, sustained growth, and banking transformation.

Ilia is a certified Project Management Professional (PMP) and holds graduate degrees in Project Management from George Washington University and in IT and Business Innovation from Jönköping University (Sweden), as well as an undergraduate degree in Mathematics from the Georgian Technical University. He has also completed executive education programs in Strategic Leadership in Inclusive Finance (Harvard Business School) and Leadership in the Digital Age (INSEAD Business School). In addition, Ilia serves as the elected President of the Project Management Institute – Georgia Chapter, a volunteer role.



## **DAVIT BENDELIANI**

Financial Director of Microbank Crystal. 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 micro-finance organizations, strategic planning and change management, micro-finance product development, risk management methodology, internal audit development, human resources management and strategic planning programs.

## MELANIA KUTCHUKHIDZE

Commercial Director of Microbank Crystal. 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 and an undergraduate degree in Economics and Management from the Georgian Subtropical Business University. In 2023, she also became a certified business coach.



## GIORGI MEGENEISHVILI

Risks Director of Microbank Crystal. Giorgi has been holding various positions since 2005 and went through an interesting path of development. He made a valuable contribution to the development of the Company 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 Economic from Akaki Tsereteli Kutaisi State University.



## NINO PANJIKIDZE

Operations Director – Nino Panjikidze, Crystal's Chief Operating Officer since June 2023 and Director of Operations since 2025, 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. Nino 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.





## **KAKHA GABESKIRIA**

Leasing Director of Microbank Crystal. Kakha Gabeskiria assumed the role of Chief Leasing Officer at Crystal in 2020. With a distinguished career spanning 25 years in the financial sector—including a foundational tenure at ProCredit Bank Georgia—he possesses extensive expertise in MSME financing, credit operations, and strategic management.

Since joining Crystal in 2009, Mr. Gabeskiria has held several key executive positions, including Chief Credit Officer (CCO), Chief Operations Officer (COO), and Chief Business Officer (CBO). He played a significant role in the company's evolution, leading its transformation from a regional player into a nationwide financial institution with a network of over 40 branches covering all regions of Georgia. This strategic expansion led to a substantial increase in the company's portfolio, customer base, and organizational capacity.

In his recent leadership capacity, Mr. Gabeskiria spearheaded the development and launch of the Leasing product vertical, successfully integrating it as a strategic business line within the institution's offerings.

Mr. Gabeskiria holds a Master's degree (MA) in Economics from the Georgian Institute of Sub-tropic Agriculture. His academic background is further enriched by numerous professional certifications in Strategic and Operational Management, Organizational Development, Product Management, Credit Risk, and Project Management, alongside specialized training programs in banking and strategic leadership.



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## **LASHA KANCHAVELI**

Has been Crystal's Chief Information Technology Officer since March 2024, bringing over 25 years of experience in IT leadership, enterprise architecture, and digital transformation in the banking and financial sectors. Before joining Crystal, he held key leadership roles at the Bank of Georgia, serving as Enterprise Architect, Head of Solution Architect and Head of the Business Analysis and Consulting Unit. He played a pivotal role in defining the bank's technology strategy, optimizing IT architecture, and leading large-scale digital transformation initiatives to enhance operational efficiency and customer experience. His career spans leadership roles in top financial institutions, where he has driven the adoption of innovative digital solutions in highly regulated environments. Lasha holds a Bachelor of Science degree in Applied Mathematics and Computer Sciences from Tbilisi State University. He has also completed advanced training in project management, business analysis, database administration, and IT strategy, further strengthening his ability to lead technology-driven transformations in the financial sector.

# Committee Reports

## THE RISK MANAGEMENT COMMITTEE

The Risk Committee of the Supervisory Board of Micro Bank Crystal acts on the basis of the Regulation on the Risk Committee of the Supervisory Board of the Bank. The Committee works as an auxiliary, advisory and decision making body established by the Supervisory Board of the Bank.

This report analyses the activities of the Committee for the period from 1 January 2025 to 1 January 2026.

The Committee members consist of two independent Supervisory Board members and one Supervisory Board member who is a shareholder representative and the Committee is chaired by an independent member of the Supervisory Board. Composition of the Committee: Robert S. Kossmann (Chairperson), Jan Dewijngaert, Lilit Gharazan. The committee meets the requirements of the National Bank

of Georgia related to regulatory committee composition and chairmanship. Additionally, the Committee's members met the qualification criteria; while approving the composition of the Committee, the Supervisory Board took into account the training, professional knowledge, skills, and experience allowing the members of the Committee to properly perform the functions of a member of the Risk Committee.

During 2025, the Committee held five meetings and the Chairperson of the Committee, Robert S. Kossmann convened five meetings of the Committee in a form of joint attendance and determined the agenda of meetings and ensured compliance with it and submission of adopted decisions to the Supervisory Board.

In 2025, the Risk Committee actively assisted the Supervisory Board in exercising its powers regarding the supervision of the adequacy and efficiency of the Bank's risk management system.

## Key Activities of the Committee in 2025

- discussion and consideration of the Bank's internal reporting on capital ratios, assessment of liquidity risk, interest rate risk, market risks, and operational risks, as well as the results of internal stress-testing;
- quarterly risk reports covering all areas of the Bank's risk framework;
- development and provision of recommendations to the Supervisory Board on approval of internal documents on risk management and compliance control in the Bank;
- consideration of moving the ALCO functions from the Supervisory Board to the Management Board and which required ALCO to provide a summary of decisions and reporting to the Committee and Supervisory Board;
- consideration of Expected Credit Loss methodological changes and the financial impact of the changes;
- discussion and review of portfolio product profitability and the importance of ongoing performance monitoring and product mix adjustments to achieve sustainable profitability and better align resources with high-performing products.
- reviewed changes to the accounting treatment of penalties and interest income. This adjustment affects overall risk costs, necessitating updates to internal documents and limits to account for the revised approach;
- reconfirming the 2024 decision on centralization of collections and centralization of loan underwriting.

To ensure the proper functioning of the risk management system, the members of the Committee have considered and provided to the Supervisory Board recommendations for the approval and update of, in particular, the following:

- updated risk appetite statement and credit policy for 2025;
- updated NPL sale limit for 2026;
- approved the risk data warehouse and AI scoring projects;
- developed product-level cost of risk limits, aligned with the approved portfolio-level limits and updated risk appetite;
- updated BCP testing recommendation, including risks or implementation delays and action plan;

- prepared a comprehensive status report on operational risk-related recommendations, outlining timelines and resource constraints;
- prepared a detailed action plan focusing on leasing portfolio growth, operational efficiency, and profitability targets;
- prepared a detailed action plan focusing on product performance, portfolio growth, operational efficiency, and profitability targets. Plan identified specific measures that will materially improve performance compared to previous period;
- approved the updated whistle blowing report and recommendations on how to institutionalize whistle blowing as a reliable and trusted risk management tool.

For efficient work of the Committee and comprehensive preparation of grounded decisions, the Chairperson and members of the Committee actively cooperated with the Bank's Management Board, risk management and compliance units and the Supervisory Board. The Committee considers that it has succeeded in performing its functions and obligations and in achieving its mission, as defined by the Regulation on the Committee.

## Sessions conducted in 2025: 5

### THE AUDIT COMMITTEE

The purpose of the Committee is to provide structured and systematic oversight of Crystal's governance, risk management, and internal control practices. It assists the Board and management by providing advice and guidance on the adequacy of initiatives related to values and ethics, the governance structure, the internal control framework, oversight of internal audit activities, external auditors, and other assurance providers, as well as the Company's financial condition.

## Sessions conducted in 2025: 4

### Key issues discussed and resolved:

- Audit results
- Updated report on deficiencies found during the audit process
- Annual internal audit plan and its progress
- Review and approve audit policies and procedures

- Annual Report of Internal Audit Department
- Stakeholder Expectation Survey on Internal Audit

### THE ENVIRONMENTAL AND SOCIAL PROTECTION COMMITTEE

The Committee's goal is to provide systematic oversight within the delegated powers of the Supervisory Board on Crystal's environmental, social, and governance (ESG) matters. It supports the Supervisory Board by defining ESG principles, monitoring their implementation, and ensuring these issues are embedded in Crystal's strategy to promote long-term sustainability. Key focus areas include environmental and social impacts, responsible financing, consumer rights, climate change risks, and employee diversity. The Committee also assists the Supervisory Board in developing effective practices to address these matters.

#### Sessions conducted in 2025: 1

##### Key issues discussed and resolved:

- Impact Strategy Revision

### THE HR, COMPENSATION AND REMUNERATION COMMITTEE /ACTIVE UNTIL ACQUIRING MICROBANK LICENSE/

The HR, Compensation and Remuneration Committee is responsible for overseeing and providing direction for the overall HR strategy of the company in order to support business continuity through people. Additionally, the committee focuses on the remuneration and performance evaluation of the Chief Officers to ensure equitable and appropriate reward mechanisms. The primary focus of the Committee is also to encourage management to have a robust succession planning process in place that would be reviewed at least twice a year by the Committee members and subsequently by the Supervisory Board. The Committee is also accountable for establishing the process for the selection of new Supervisory Board members and ensuring that the selection is carried out fairly and in accordance with the Charter and Shareholder Agreement. The Committee is also responsible for assessing the proper functioning of the Supervisory Board and recommend actions for improvement if needed.

#### Sessions conducted in 2025: 1

##### Key issues discussed and resolved:

- Brief update for the HR Committee and recommendation by ACT
- Chief Officers education and development approach
- Fixed remuneration plan for 2025
- VIG 2024 report and proposal for VIGs for 2025
- Process for CO performance appraisal and variable pay proposal

### THE ASSETS AND LIABILITY COMMITTEE (ALCO) - /ACTIVE UNTIL ACQUIRING MICROBANK LICENSE/

The ALCO, including its Chairperson (the Chairperson of ALCO), members of the SB, the CEO, the CFO and the CBO, convenes monthly. The purpose of the ALCO is to supervise the assets and liability management process for Crystal, which includes balance and profits, liquidity planning, funding sources, foreign currency mismatches, interest rates, capital adequacy, and liquidity risks. The Supervisory Board also examines reports related to macro-economic indicators, market share analysis, and business plan implementation. A list of indicators from the annual budget is monitored by the ALCO and may be revised by the Supervisory Board, if required.

#### Sessions conducted in 2025: 1

#### Adopted written Resolutions in 2025: 3

##### Key issues discussed and resolved:

- ALCO report as of December 2025
- Cashflow
- Credit Facilities

Ilia Revia  
General Director  
Supervisory Board  
May 5, 2026

Robert S. Kossmann  
Chairman of the

<sup>1</sup> After obtaining microbank license on 12 February 2025, the Supervisory Board's ALCO Committee was dissolved. Asset and liability management was transferred to the ALCO Committee established at the management level.

# FINANCIAL STATEMENTS

Consolidated and Separate Financial Statements,  
together with Independent Auditor's Report  
For the Year Ended December 31, 2025





Photo: ARCHIL GEGENAVA

*Statement of management's responsibilities for the preparation and approval of the consolidated and separate financial statements and management report for the year ended December 31, 2025*

Management and supervisory board are responsible for the preparation of the consolidated and separate financial statements that present fairly the consolidated and separate financial position of Joint Stock Company Microbank Crystal (the "Bank") and its subsidiary Crystal Consulting LLC (collectively - the "Group") as at December 31, 2025 the results of their operations, cash flows and changes in equity for the year then ended, in compliance with IFRS Accounting Standards.

Management and supervisory board are also responsible for the preparation of the management report in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing.

In preparing the consolidated and separate financial statements, and management report management and supervisory board are responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern;
- Disclosing the information in the management report as required by the Law of Georgia on Accounting, Reporting and Auditing;
- Preparation of the management report in consistency with the consolidated and separate financial statements.

Management and supervisory board are also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the consolidated and separate financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with Georgian legislation;
- Taking such steps that are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated and separate financial statements, and management report for the year ended December 31, 2025 were authorized for issue on May 5, 2026 by the Board of Directors and the Supervisory Board of the Bank.

Ilia Revia  
General Director

May 5, 2026

Robert S. Kossmann  
Chairman of the  
Supervisory Board



## Independent auditor's report

To the Shareholders and Supervisory Board of Joint Stock Company Microbank Crystal

### Report on the audit of the consolidated and separate financial statements

#### Opinion

We have audited the consolidated and separate financial statements of JSC Microbank Crystal (hereinafter, the "Bank"), which comprise the consolidated and separate statement of financial position as at 31 December 2025, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Bank as at 31 December 2025 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements of public interest entities in Georgia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information included in the Bank's 2025 Integrated Report

Other information consists of the information included in the Bank's 2025 Integrated Report, other than the consolidated and separate financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated and separate financial statements does not cover the Integrated Report and we do not express any form of assurance conclusion thereon in our report on the audit of the consolidated and separate financial statements.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Building a better  
working world

### ***Responsibilities of management and the Audit Committee for the consolidated and separate financial statements***

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Bank's financial reporting process.

### ***Auditor's responsibilities for the audit of the consolidated and separate financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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working world**

- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Bank as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report in accordance with the requirements of Article 7, paragraph 10 of the Georgian Law on Accounting, Reporting and Auditing**

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Integrated Report for the financial year for which the consolidated and separate financial statements are prepared is consistent with the consolidated and separate financial statements; and
- The Integrated Report includes the information required by Article 7 of the Georgian Law on Accounting, Reporting and Auditing and complies with respective regulatory normative acts.

Dmytro Iurgelevych (SARAS-A-644274)

On behalf of EY LLC (SARAS-F-855308)

Tbilisi, Georgia

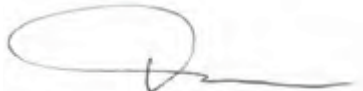
5 May 2026

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2025 (in thousands of Georgian Lari);

	Notes	2025	2024
Interest income calculated using EIR method	5	162,163	140,295
Other interest Income	5	6,607	5,766
Interest expense	5	(51,582)	(44,574)
<b>Net interest income before impairment losses</b>		<b>117,188</b>	<b>101,487</b>
Impairment losses on interest bearing assets	13,14	(23,187)	(10,368)
Impairment losses on other assets		(271)	(633)
<b>Net interest income</b>		<b>93,730</b>	<b>90,486</b>
Net loss on financial assets and liabilities at fair value through profit or loss	12	(14,507)	(6,210)
Net foreign exchange gain	6	2,070	3,942
Fee and commission income	7	2,242	1,659
Fee and commission expense		(376)	(301)
Other income	8	815	599
<b>Net non-interest expenses</b>		<b>(9,756)</b>	<b>(311)</b>
<b>Operating income</b>		<b>83,974</b>	<b>90,175</b>
Personnel expenses		(43,224)	(41,550)
Depreciation and amortization expenses	15,16,17	(7,729)	(7,436)
Other operating expenses	9	(16,046)	(13,314)
<b>Profit before income tax</b>		<b>16,975</b>	<b>27,875</b>
Income tax expense	10	(3,501)	(5,212)
<b>Net profit for the year</b>		<b>13,474</b>	<b>22,663</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>13,474</b>	<b>22,663</b>



Ilia Revia  
General Director  
May 5, 2026



Robert S. Kossmann  
Chairman of the Supervisory Board

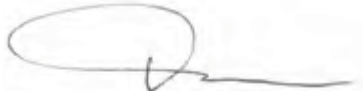
The notes on pages 70-131 form an integral part of these consolidated and separate financial statements.

Separate statement of profit or loss and other comprehensive income for the year ended December 31, 2025 (in thousands of Georgian Lari)

	Notes	2025	2024
Interest income calculated using EIR method	5	162,163	140,295
Other interest income	5	6,607	5,766
Interest expense	5	(51,582)	(44,574)
<b>Net interest income before impairment losses</b>		<b>117,188</b>	<b>101,487</b>
Impairment losses on interest bearing assets	13,14	(23,187)	(10,368)
Impairment losses on other assets		(271)	(633)
<b>Net interest income</b>		<b>93,730</b>	<b>90,486</b>
Net loss on financial assets and liabilities at fair value through profit or loss	12	(14,507)	(6,210)
Net foreign exchange gain	6	2,070	3,943
Fee and commission income	7	2,242	1,659
Fee and commission expense		(376)	(301)
Other income	8	815	595
<b>Net non-interest expenses</b>		<b>(9,756)</b>	<b>(314)</b>
<b>Operating income</b>		<b>83,974</b>	<b>90,172</b>
Personnel expenses		(43,224)	(41,421)
Depreciation and amortization expenses	15,16,17	(7,726)	(7,398)
Other operating expenses	9	(16,046)	(13,219)
<b>Profit before income tax</b>		<b>16,978</b>	<b>28,134</b>
Income tax expense	10	(3,501)	(5,212)
<b>Net profit for the year</b>		<b>13,477</b>	<b>22,922</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>13,477</b>	<b>22,922</b>



Ilia Revia  
General Director  
May 5, 2026



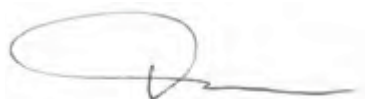
Robert S. Kossmann  
Chairman of the Supervisory Board

The notes on pages 70-131 form an integral part of these consolidated and separate financial statements.

	Notes	December 31, 2025	December 31, 2024
<b>ASSETS</b>			
Cash and cash equivalents	11	57,133	24,686
Amounts due from credit institutions		385	–
Financial assets at fair value through profit or loss	12	–	4,503
Assets held for sale		304	187
Loans to customers	13	549,711	500,465
Net investments in leases	14	16,189	14,320
Current income tax asset	10	3,827	–
Right-of-use assets	15	15,534	11,676
Property and equipment	16	7,144	5,350
Intangible assets	17	7,511	4,785
Deferred tax assets	10	395	1,366
Other assets	18	11,769	8,911
<b>Total assets</b>		<b>669,902</b>	<b>576,249</b>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	12	12,802	–
Customer accounts	19	33,097	–
Dividends payable	25	64	–
Current income tax liability	10	–	1,544
Lease liability	15	15,761	12,399
Promissory notes issued	20	59,703	13,450
Debt securities issued	21	–	26,297
Borrowed funds	22	394,779	388,108
Subordinated debt	23	40,803	23,331
Other liabilities	24	6,808	15,170
<b>Total liabilities</b>		<b>563,817</b>	<b>480,299</b>
<b>EQUITY</b>			
Share capital	25	3,635	3,635
Share premium	25	22,110	22,110
Retained earnings		80,340	70,205
<b>Total equity</b>		<b>106,085</b>	<b>95,950</b>
<b>Total liabilities and equity</b>		<b>669,902</b>	<b>576,249</b>



Ilia Revia  
General Director  
May 5, 2026



Robert S. Kossmann  
Chairman of the Supervisory Board

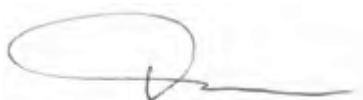
The notes on pages 70-131 form an integral part of these consolidated and separate financial statements.

Separate statement of financial position as at December 31, 2025 (in thousands of Georgian Lari)

	Notes	December 31, 2025	December 31, 2024
<b>ASSETS</b>			
Cash and cash equivalents	11	57,116	24,669
Amounts due from credit institutions		385	-
Financial assets at fair value through profit or loss	12	-	4,503
Assets held for sale		304	187
Loans to customers	13	549,711	500,465
Net investments in leases	14	16,189	14,320
Current income tax asset	10	3,827	-
Right-of-use assets	15	15,534	11,676
Property and equipment	16	7,139	5,342
Intangible assets	17	7,511	4,785
Deferred tax assets	10	395	1,366
Investment in a subsidiary		610	610
Other assets	18	11,769	8,911
<b>Total assets</b>		<b>670,490</b>	<b>576,834</b>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	12	12,802	-
Customer Accounts	19	33,097	
Dividends payable	25	64	-
Current income tax liability	10	-	1,544
Lease liability	15	15,761	12,399
Promissory notes	20	59,703	13,450
Debt securities issued	21	-	26,297
Borrowed funds	22	394,779	388,108
Subordinated debt	23	40,803	23,331
Other liabilities	24	6,808	15,170
<b>Total liabilities</b>		<b>563,817</b>	<b>480,299</b>
<b>EQUITY</b>			
Share capital	25	3,635	3,635
Share premium	25	22,110	22,110
Retained earnings		80,928	70,790
<b>Total equity</b>		<b>106,673</b>	<b>96,535</b>
<b>Total liabilities and equity</b>		<b>670,490</b>	<b>576,834</b>



Ilia Revia  
General Director  
May 5, 2026



Robert S. Kossmann  
Chairman of the Supervisory Board

The notes on pages 70-131 form an integral part of these consolidated and separate financial statements.

Consolidated statement of changes in equity for the year ended December 31, 2025 (in thousands of Georgian Lari)

	Notes	Share capital	Share premium	Retained earnings	Total
<b>January 1, 2024</b>		<b>3,635</b>	<b>22,110</b>	<b>48,501</b>	<b>74,246</b>
Net profit and total comprehensive income for the year		–	–	22,663	<b>22,663</b>
Dividends declared	25	–	–	(959)	<b>(959)</b>
<b>December 31, 2024</b>		<b>3,635</b>	<b>22,110</b>	<b>70,205</b>	<b>95,950</b>
Net profit and total comprehensive income for the year		–	–	13,474	<b>13,474</b>
Dividends declared	25	–	–	(3,339)	<b>(3,339)</b>
<b>December 31, 2025</b>		<b>3,635</b>	<b>22,110</b>	<b>80,340</b>	<b>106,085</b>

Ilia Revia  
General Director  
May 5, 2026

Robert S. Kossmann  
Chairman of the Supervisory Board

The notes on pages 70-131 form an integral part of these consolidated and separate financial statements.

*Separate statement of changes in equity for the year ended December 31, 2025 (in thousands of Georgian Lari)*

	Notes	Share capital	Share premium	Retained earnings	Total
<b>January 1, 2024</b>	4	<b>3,635</b>	<b>22,110</b>	<b>48,827</b>	<b>74,572</b>
Net profit and total comprehensive income for the year		-	-	22,922	<b>22,922</b>
Dividends declared	25	-	-	(959)	<b>(959)</b>
<b>December 31, 2024</b>	4	<b>3,635</b>	<b>22,110</b>	<b>70,790</b>	<b>96,535</b>
Net profit and total comprehensive income for the year		-	-	13,477	<b>13,477</b>
Dividends declared	25	-	-	(3,339)	<b>(3,339)</b>
<b>December 31, 2025</b>		<b>3,635</b>	<b>22,110</b>	<b>80,928</b>	<b>106,673</b>

Ilia Revia  
General Director  
May 5, 2026

Robert S. Kossmann  
Chairman of the Supervisory Board

The notes on pages 70-131 form an integral part of these consolidated and separate financial statements.

	Notes	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		16,975	27,875
<i>Adjustments for:</i>			
Net loss on financial assets and liabilities at fair value through profit or loss	12	14,507	6,210
Depreciation and amortization expenses	15,16,17	7,729	7,436
Interest income	5	(162,163)	(140,295)
Other interest income	5	(6,607)	(5,766)
Interest expenses	5	51,582	44,574
Impairment losses on interest bearing assets	13,13	23,187	10,368
Impairment losses on other assets		271	633
Net foreign exchange loss/(gain)	6	(6,966)	7,532
Loss on disposal of property and equipment		18	68
Gain on lease cancellations	15	126	(163)
<b>Cash outflow from operating activities before changes in operating assets and liabilities</b>		<b>(61,341)</b>	<b>(41,528)</b>
<i>Changes in operating assets and liabilities:</i>			
Net (increase) in financial assets/net (decrease) in financial liabilities at fair value through profit or loss		2,799	(9,891)
Increase in amounts due from credit institutions		(385)	-
Increase in loans to customers		(71,526)	(83,904)
Increase in investments in leases		(2,485)	(1,916)
(Increase)/decrease in assets held for sale		(117)	(173)
Increase in other assets		(3,266)	(596)
Increase in customer accounts		32,685	-
Increase in other liabilities		(8,284)	1,469
<b>Net changes in operating assets and liabilities</b>		<b>(50,579)</b>	<b>(95,011)</b>
Interest received		161,448	139,573
Other interest received		7,028	5,596
Interest paid		(53,470)	(43,975)
Income tax paid		(7,901)	(3,695)
<b>Net cash used in operating activities</b>		<b>(4,815)</b>	<b>(39,040)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property and equipment	16	(3,592)	(2,467)
Purchases of intangible assets	17	(4,892)	(2,741)
Proceeds from sale of property and equipment	16	(4)	-
<b>Net cash used in investing activities</b>		<b>(8,488)</b>	<b>(5,208)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from promissory notes	20	57,582	18,163
Proceeds from borrowed funds	22	186,840	139,769
Proceeds from subordinated debt	23	21,019	8,258
Repayments of promissory notes	20	(12,214)	(6,651)
Repayments of debt securities	21	(25,000)	-
Repayments of borrowed funds	22	(173,092)	(91,244)
Repayments of subordinated debt	23	(2,212)	(2,762)
Repayments of lease liabilities	15	(4,150)	(3,960)
Dividends paid	25	(3,339)	(1,954)
<b>Net cash generated from financing activities</b>		<b>45,434</b>	<b>59,619</b>
<b>Net increase in cash and cash equivalents</b>		<b>32,131</b>	<b>15,371</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies		316	1,062
Cash and cash equivalents as at the beginning of the year	11	24,686	8,253
<b>Cash and cash equivalents at the end of the year</b>	11	<b>57,133</b>	<b>24,686</b>

Ilia Revia  
General Director  
May 5, 2026

Robert S. Kossmann  
Chairman of the Supervisory Board

The notes on pages 70-131 form an integral part of these consolidated and separate financial statements.

Separate statement of cash flows for the year ended December 31, 2025 (in thousands of Georgian Lari)

	Notes	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		16,978	28,134
<i>Adjustments for:</i>			
Net loss on financial assets and liabilities at fair value through profit or loss	12	14,507	6,210
Depreciation and amortization expenses	15,16,17	7,726	7,398
Interest income	5	(162,163)	(140,295)
Other interest income	5	(6,607)	(5,766)
Interest expenses	5	51,582	44,574
Impairment losses on interest bearing assets	13,13	23,187	10,368
Impairment losses on other assets		271	633
Net foreign exchange loss/(gain)	6	(6,967)	7,531
Loss on disposal of property and equipment		18	13
Gain on lease cancellations	15	126	(163)
<b>Cash outflow from operating activities before changes in operating assets and liabilities</b>		<b>(61,342)</b>	<b>(41,363)</b>
<i>Changes in operating assets and liabilities:</i>			
Net (increase) in financial assets/net (decrease) in financial liabilities at fair value through profit or loss		2,799	(9,891)
Increase in amounts due from credit institutions		(385)	-
Increase in loans to customers		(71,526)	(83,904)
Increase in investments in leases		(2,485)	(1,916)
(Increase)/decrease in assets held for sale		(117)	(173)
Increase in other assets		(3,266)	(636)
Increase in customer accounts		32,685	-
(Decrease)/Increase in other liabilities		(8,284)	1,469
<b>Net changes in operating assets and liabilities</b>		<b>(50,579)</b>	<b>(95,051)</b>
Interest received		161,448	139,573
Other interest received		7,028	5,596
Interest paid		(53,470)	(43,975)
Income tax paid		(7,901)	(3,695)
<b>Net cash used in operating activities</b>		<b>(4,816)</b>	<b>(38,915)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in a subsidiary		-	(138)
Purchases of property and equipment	16	(3,595)	(2,463)
Purchases of intangible assets	17	(4,892)	(2,741)
Proceeds from sale of property and equipment	16	(4)	-
<b>Net cash used in investing activities</b>		<b>(8,491)</b>	<b>(5,342)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from promissory notes	20	57,582	18,163
Proceeds from borrowed funds	22	186,840	139,769
Proceeds from subordinated debt	23	21,019	8,258
Repayments of promissory notes	20	(12,214)	(6,651)
Repayment of debt securities	21	(25,000)	-
Repayments of borrowed funds	22	(173,092)	(91,244)
Repayments of subordinated debt	23	(2,212)	(2,762)
Repayments of lease liabilities	15	(4,150)	(3,960)
Dividends paid	25	(3,339)	(1,954)
<b>Net cash generated from financing activities</b>		<b>45,434</b>	<b>59,619</b>
<b>Net increase in cash and cash equivalents</b>		<b>32,127</b>	<b>15,362</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies		320	1,063
Cash and cash equivalents as at the beginning of the year	11	24,669	8,244
<b>Net (decrease)/increase in cash and cash equivalents</b>	11	<b>57,116</b>	<b>24,669</b>

Ilia Revia  
General Director  
May 5, 2025

Robert S. Kossmann  
Chairman of the Supervisory Board

The notes on pages 70-131 form an integral part of these consolidated and separate financial statements.

# 1. Organization

JSC Microbank Crystal (former JSC Microfinance Organization Crystal) (“the Bank”) was established on August 23, 2007 on the basis of the decision of the Crystal Fund (Board’s Resolution #20, August 21, 2007) according to the Georgian Law on Microfinance Organizations dated 18 July 2006 (identification # - 212896570). On February 12, 2025 Crystal received micro banking license from the National Bank of Georgia (the “NBG”).

On January 26, 2018, the Bank established a wholly owned subsidiary, Crystal Consulting LLC. As of the reporting date, the subsidiary remains legally registered and is currently dormant, with no ongoing operating activities.

The legal address of JSC Microbank Crystal and Crystal Consulting LLC (the “Group”) is 22 Nikea Street, Kutaisi, Georgia.

The supreme governing body of the Group is the General Meeting of Shareholders.

The supervision of the Group’s operations is conducted by the Supervisory Board, members of which are appointed by the General Meeting of Shareholders. Daily management of the Group is carried out by the Board of Directors appointed by the Supervisory Board.

The Group objectives are to support and develop micro, small and medium businesses in Georgia, to improve the social and economic conditions of clients by providing them with accessible financial services.

The principal activity of the Group is micro lending. The Group’s lending products include individual business loans, agricultural loans, consumer loans, pawnshop loans, housing loans, SME loans, auto loans and finance leases.

During 2025, the Group expanded its operations and commenced accepting customer deposits and opening customer accounts as part of its licensed banking activities. These activities represent a strategic development from a lending-focused microfinance institution toward a broader micro banking model.

As at December 31, 2025 the Group has forty-eight branches (2024: forty-eight branches) around Georgia and the head offices are located in Tbilisi and Kutaisi.

The ownership of the Group as at December 31, 2025 and 2024 is disclosed in Note 25.

The Group does not have an ultimate controlling party.

# 2. Material accounting policies

**Statement of compliance** – These consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

**Basis of consolidation** – The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (subsidiaries). Control is achieved when the Bank: a) has power over the investee; b) is exposed, or has rights, to variable returns from its involvement with the investee; and c) has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**Going concern** – These consolidated and separate financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. In making this assumption, the management considered the Group's financial position, current intentions, profitability of operations and access to financial resources.

**Historical cost convention** – These consolidated and separate financial statements have been prepared on the historical cost convention, except for the financial assets and financial liabilities at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Fair values** – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

**Functional and presentation currency** – Items included in the consolidated and separate financial statements are measured using the currency of the primary of the economic environment in which the Bank and its subsidiary operate ("the functional currency"). Their functional currency is Georgian Lari ("GEL"). The presentational currency of the consolidated and separate financial statements of the Group is the GEL. Financial information presented in GEL is rounded to the nearest thousands, except when otherwise indicated.

**Offsetting** – Financial assets and financial liabilities are offset and the net amount reported in the consolidated and separate statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated and separated statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

**Notes to the consolidated and separate financial statements** – Notes are disclosed for consolidated financial statements only, since the management believes that there are no material differences between consolidated and separate figures.

The principal accounting policies are set out below.

## SEGMENT REPORTING

Chief operating decision maker evaluates the Group as a single operating segment, based on its reported IFRS results. Majority of the Group's income and assets are located in Georgia. There was no single external counterparty amounting to more than 10% of Group's revenue for 2025 or 2024.

## RECOGNITION OF INTEREST INCOME AND EXPENSE

Interest income and expense are recognized in profit or loss using the effective interest method by applying the effective interest rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense. Penalty income is included in interest income, as considered compensation of credit risk.

When a financial asset becomes credit-impaired, the Group calculates interest revenue by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest revenue on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest revenue by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

## FINANCIAL INSTRUMENTS

### INITIAL RECOGNITION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's financial position when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group accounts for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

## FINANCIAL ASSETS

### CLASSIFICATION AND SUBSEQUENT MEASUREMENT

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount.

### MEASUREMENT CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- FVPL.

Financial liabilities, other than loan commitments are measured at amortised cost or at FVPL when they are held for trading, are derivative instruments or the fair value designation option is applied.

All of the Group's financial assets and liabilities are measured at amortized cost, with exception to derivatives which are measured at FVPL.

The Group's financial assets classified into the measurement categories are as following:

Financial assets	Business model	SPPI	Measurement category
Derivative financial assets	Other business model	Cash flows are not solely payments of principal and interest	FVTPL
Cash balances in banks	Hold to collect contractual cash flows	Cash flows are solely payments of principal and interest	Amortised Cost
Loans to customers	Hold to collect contractual cash flows	Cash flows are solely payments of principal and interest	Amortised Cost
Other receivables	Hold to collect contractual cash flows	Cash flows are solely payments of principal and interest	Amortised Cost

### RECLASSIFICATION

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash on hand, deposits with other credit institutions with an original maturity of less than 90 days, current accounts with other credit institutions, and current (including overnight) accounts maintained with the National Bank of Georgia.

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes and are free from contractual encumbrances.

Cash and cash equivalents are measured at amortised cost.

### **AMOUNTS DUE FROM CREDIT INSTITUTIONS**

Amounts due from credit institutions comprise term deposits placed with local banks with an original maturity of more than 90 days. These balances are held to manage the Group's liquidity requirements and are unrestricted and free from contractual encumbrances.

Amounts due from credit institutions are initially recognised at fair value, including any directly attributable transaction costs, and subsequently measured at amortised cost. Interest income is recognised in profit or loss on a time-proportion basis over the term of the deposit.

### **LOANS TO CUSTOMERS AND OTHER RECEIVABLES**

Loans to customers and other receivables included in other assets in the consolidated and separate statement of financial position are non-derivative financial assets measured at amortised cost. Loans to customers and other receivables are initially measured at fair value, adjusted in respect of any transaction costs that are incremental and directly attributable to issue of the financial asset and, for fees received as these are subsequently included in the calculation of the effective interest rate. Subsequently, loans to customers and other receivables are measured at their amortised cost using the effective interest method.

### **DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments included in financial assets at fair value through profit or loss or loss in the consolidated and separate statement of financial position comprise foreign currency forward contracts and currency swaps.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in profit or loss.

### **INVESTMENTS IN SUBSIDIARY**

A subsidiary is an entity, that is controlled by the Bank. Investment in subsidiary is recorded in these separate financial statements at cost less impairment loss, if any.

### **NET INVESTMENTS IN LEASES**

At the commencement of the lease, the lessor recognises a lease receivable in its statement of financial position at an amount equal to the net investment in the lease. Net investment in the lease is the sum of the following items discounted at the interest rate implicit in the lease:

- the lease payments receivable by a lessor under a finance lease; and
- any unguaranteed residual value accruing to the lessor.

Aside from the principal, interest, disbursement fee and life insurance, lease payments also include amounts covering for the following types of the expenses: property tax, inspection fee, monitoring fee, GPS control.

The rate implicit in the lease is the interest rate set by the lessor in the lease agreement. This is the rate at which the present value of the lease payments and the unguaranteed residual value equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

Initial direct costs are incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained.

Initial direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term.

The lessor reduces the net investment in the lease for payments received. A lessor shall recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lessor aims to allocate finance income over the lease term on a systematic and rational basis. A lessor shall apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income.

## **IMPAIRMENT**

The Group recognises loss allowances for expected credit losses (ECLs) on the financial assets that are not measured at FVTPL. With the exception of purchased or originated credit-impaired ("POCI") financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Group measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics.

More information on measurement of ECLs is provided in Note 30, including details on how instruments are grouped when they are assessed on a collective basis.

### **Credit-impaired financial assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- commencement of legal proceedings against the borrower;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.

### **Purchased or originated credit-impaired financial assets**

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favorable change for such assets creates an impairment gain.

### **Presentation of allowance for ECL in the consolidated and separate statement of financial position**

Loss allowances for ECL are presented in the consolidated and separate statement of financial position as follows:

- for financial assets measured at amortised cost and net investments in leases: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the consolidated and separate statement of financial position as the carrying amount is at fair value.
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

Information about default definition, significant increase in credit risk and incorporation of forward-looking information is provided in Note 30.

### **MODIFICATION OF FINANCIAL ASSETS**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan terms is modified in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to other terms.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is deemed substantial, the Group performs derecognition.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance) and accounts for it through the interest income. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

#### **DERECOGNITION AND WRITE OFF**

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Loans are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

## **FINANCIAL LIABILITIES AND EQUITY**

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will

or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

## **EQUITY INSTRUMENTS**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

### **Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

### **Preferred stock**

The holders of preferred stock are entitled to receive dividends at annual interest rate of 10%. Preferred stock is classified as equity, since according to Georgian legislation any promise of dividends is void and based on profit for the year and management decision.

### **Share premium**

When share capital is increased, any difference between the registered amount of share capital and the fair value of actual consideration received is recognized as share premium.

## **DIVIDENDS**

The ability of the Group to declare and pay dividends is subject to the rules and regulations of the Georgian legislation. Dividends in relation to ordinary and preferred shares are reflected as an appropriation of retained earnings in the period when they are declared.

## **FINANCIAL LIABILITIES**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

### **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

### **Other financial liabilities**

'Other financial liabilities', including customer accounts, borrowed funds, subordinated debt, debt securities issued, promissory notes and other non-derivative financial liabilities are initially measured at fair value, net of transaction costs.

'Other financial liabilities' are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the “net interest income section” above.

### **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

## **FOREIGN CURRENCIES**

In preparing the consolidated and separate financial statements, transactions in currencies other than the Bank’s and its Subsidiary’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The exchange rates used by the Group in the preparation of the consolidated and separate financial statements as at year-end are as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
GEL/1 US Dollar	2.6951	2.8068
GEL/1 Euro	3.1737	2.9306

## **PROPERTY AND EQUIPMENT**

Property and equipment is carried at historical cost less accumulated depreciation and any recognized impairment loss, if any.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the entity, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is charged on the carrying value of property and equipment and is designed to write off assets over their useful economic lives. Depreciation is calculated on a straight-line basis at the following useful lives:

Buildings	30 years
Vehicles	5 or 8 years
Furniture	5 or 10 years
IT equipment	5 to 10 years
Leasehold improvement	3 to 5 years
Other	2 to 10 years

Leasehold improvements are amortized over the life of the related right-of-use assets. Expenses related to repairs and renewals are charged when incurred and included in the operating expenses unless they qualify for capitalization.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

## INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives range from 5 to 10 years.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets are assessed for impairment when there is an indication that the intangible assets may be impaired.

## REPOSSESSED ASSETS

In certain circumstances, assets are repossessed following the foreclosure on loans that are in default. The Group views the repossessed assets as a form of settlement of amounts due under the defaulted loan and that it is an asset acquired and held for sale in the ordinary course of business.

Repossessed assets are initially recognized at fair value and subsequently measured at the lower of cost and fair value less costs to sell.

## TAXATION

### INCOME TAX

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

#### Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The applicable income tax rate for the Bank was 20% for both 2025 and 2024.

#### Deferred tax

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries, branches and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### OPERATING TAXES

Georgia also has various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated and separate statement of profit or loss and other comprehensive income.

## EMPLOYEE BENEFITS

### SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

## LEASES – GROUP AS A LESSEE

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease

liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

### PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

### CONTINGENCIES

Contingent liabilities are not recognized in the consolidated and separate statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated and separate statement of financial position but disclosed when an inflow of economic benefits is probable.

## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Group's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other forward-looking information that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### LOSS ALLOWANCES FOR EXPECTED CREDIT LOSSES

The following are key estimations that the management have used in the process of applying the Group's accounting policies and that have the most significant effect on the loss allowances for expected credit losses:

- **Establishing forward-looking scenarios:** When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. See Note 30 for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.

- **Significant increase in credit risk:** As explained in note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative, reasonable and supportable information.
- **Probability of default:** PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.  
See Note 30 for more details, including analysis of the sensitivity of the reported ECL to changes in PD.
- **Loss Given Default:** LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.  
See Note 30 for more details, including analysis of the sensitivity of the reported ECL to changes in LGD.

#### FAIR VALUATION OF FINANCIAL INSTRUMENTS

As described in Note 28, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 28 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The Group management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

## 4. Amendments to IFRSs affecting amounts reported in the consolidated and separate financial statements

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective as at 31 December 2025.

#### STANDARDS AND AMENDMENTS EFFECTIVE IN 2025

The following standard, which is relevant to the Group's activities, became effective for annual reporting periods beginning on or after 1 January 2025 and has been applied by the Group in the preparation of these consolidated and separate financial statements. Its adoption did not have a material impact on the Group's financial position, results of operations, or disclosures:

- **Lack of Exchangeability** - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The amendments clarify how an entity determines the exchange rate to use when a currency is not exchangeable into another currency and introduce related disclosure requirements. These amendments became effective on 1 January 2025. The amendments did not have any impact on the consolidated and separate financial statements of the Bank.

## STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of issuance of these consolidated and separate financial statements, several new standards, interpretations and amendments have been issued but are not yet effective and have not been early adopted by the Group. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

## AMENDMENTS TO THE CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS - IFRS 9 AND IFRS 7

On 30 May 2024, the International Accounting Standards Board issued Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The Amendments introduce clarifications and additional requirements, including:

- Clarification that a financial liability is derecognised on the settlement date and an optional policy choice to derecognise liabilities settled using an electronic payment system prior to the settlement date (if conditions are met);
- Additional guidance on assessing contractual cash flows for financial assets with ESG or similar features;
- Clarifications on non-recourse features and contractually linked instruments;
- New disclosure requirements for financial instruments with contingent features and equity instruments measured at fair value through OCI.

These amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted for certain classification and disclosure requirements only. The Group is currently assessing the potential impact.

## ANNUAL IMPROVEMENTS TO IFRS ACCOUNTING STANDARDS - VOLUME 11

The Annual Improvements cycle introduces narrow-scope amendments primarily involving clarifications and editorial improvements to IFRS 1, IFRS 7, IFRS 9, IAS 7, and other standards. These amendments are effective for annual periods beginning on or after 1 January 2026. The Group is currently evaluating the amendments and their potential impact on disclosures and presentation.

## IFRS 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

Issued in April 2024, IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new requirements for the statement of profit or loss and related disclosures, including:

- Specified totals and subtotals;
- Classification of income and expenses into operating, investing, financing, income taxes and discontinued operations;
- Disclosure of management-defined performance measures;
- Enhanced aggregation and disaggregation requirements;
- Consequential amendments to IAS 7 Statement of Cash Flows, including using operating profit or loss as the starting point for the indirect method and removing optionality for classification of dividends and interest.

IFRS 18 and related amendments are effective for reporting periods beginning on or after 1 January 2027. Early application is permitted and requires retrospective application. The Group is currently assessing the potential impact on presentation of the primary financial statements and notes.



## 5. Net interest income

	2025	2024
<b>Interest income calculated using the EIR method:</b>		
Loans to customers	161,227	140,134
Cash and cash equivalents	936	161
	<b>162,163</b>	<b>140,295</b>
<b>Other interest income:</b>		
Net investments in leases	6,607	5,766
	<b>168,770</b>	<b>146,061</b>
<b>Interest expenses</b>		
Borrowed funds	(43,634)	(37,219)
Promissory notes	(3,130)	(3,597)
Subordinated debt	(2,836)	(2,030)
Lease liability	(1,009)	(937)
Customer accounts	(602)	(791)
Debt securities issued	(371)	-
	<b>(51,582)</b>	<b>(44,574)</b>
<b>Net interest income</b>	<b>117,188</b>	<b>101,487</b>

## 6. Net foreign exchange gain

	2025	2024
Net foreign exchange gain/(loss)	6,966	(7,532)
Net foreign currency trading (loss)/gain	(4,896)	11,474
<b>Net foreign exchange gain</b>	<b>2,070</b>	<b>3,942</b>

## 7. Fee and commission income

	2025	2024
SMS service	917	739
Other loan-related services	534	330
Current account servicing fee	399	-
Money transfers	317	454
Utility payments	34	40
Other commission income	41	96
	<b>2,242</b>	<b>1,659</b>

## 8. Other income

	2025	2024
Proceeds from technical assistance	456	40
Proceeds from termination of lease contract	126	408
Proceeds from property disposal	67	-
Other income	166	151
	<b>815</b>	<b>599</b>

## 9. Other operating expenses

	2025	2024
Utilities and communication	2,074	1,953
Software technical support and maintenance	1,632	1,468
Legal and other professional services	1,581	1,409
Taxes other than on income	1,247	640
Marketing and advertisement	1,507	801
Insurance	960	857
Consumables and office supplies	819	792
Expense related to short-term leases and low-cost items	663	470
Membership fees	629	618
Loss on irrecoverable other assets	583	313
Fuel and transportation	564	570
Bank charges	476	891
Business trips	473	382
Repairs and maintenance	420	415
Security	389	276
Card issuance	375	–
Personnel training and recruitment	217	246
Other	1,437	1,213
	<b>16,046</b>	<b>13,314</b>

### AUDITOR'S REMUNERATION

Legal and advisory expenses include auditor's remuneration. Remuneration of the Group's auditor for the years ended December 31, 2025 and 2024 comprises:

	2025	2024
Fees for the audit of the Group's annual financial statements for the year ended 31 December	205	203

Fees and expenditures to other auditors and audit firms in respect of the other professional services comprised GEL 458 thousand (2024: GEL 185 thousand).

## 10. Taxation

	2025	2024
Current year tax expense	2,530	5,414
Movement in deferred tax assets and liabilities due to origination or/and reversal of temporary differences	971	(202)
Total income tax expense	<b>3,501</b>	<b>5,212</b>

The applicable income tax rate is 20% for the years ended December 31, 2025 and 2024.

## RECONCILIATION OF EFFECTIVE TAX RATE FOR THE YEAR ENDED 31 DECEMBER:

	2025	2024
Profit before tax	16,975	27,875
Income tax at the statutory rate	3,395	5,575
Tax exempt Income	(63)	–
Non-deductible expenses	238	689
Other changes	(69)	(1,052)
<b>Total income tax expense</b>	<b>3,501</b>	<b>5,212</b>

## DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets as at December 31, 2025 and 2024.

Movements in temporary differences during the years ended 31 December 2025 and 2024 are presented as follows:

	January 1, 2025	Recognized in profit or loss	December 31, 2025
Property and equipment	(269)	(345)	(614)
Right-of-use assets	(2,335)	(771)	(3,106)
Intangible assets	624	276	900
Loans and borrowings	269	(718)	(449)
Lease liability	2,480	672	3,152
Other liabilities	597	(85)	512
<b>Net deferred tax asset</b>	<b>1,366</b>	<b>(971)</b>	<b>395</b>

	January 1, 2024	Recognized in profit or loss	December 31, 2024
Property and equipment	4	(273)	(269)
Right-of-use assets	(1,896)	(439)	(2,335)
Intangible assets	381	243	624
Loans and borrowings	319	(50)	269
Lease liability	1,938	542	2,480
Other liabilities	418	179	597
<b>Net deferred tax asset</b>	<b>1,164</b>	<b>202</b>	<b>1,366</b>

## 11. Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	29,517	15,785
Current accounts with the NBG	16,374	–
Deposits with other credit institutions less than 90 days	9,624	–
Current accounts with other credit institutions	1,618	8,901
<b>Total cash and cash equivalents</b>	<b>57,133</b>	<b>24,686</b>

None of the balances with Group are past due. Group balances include current accounts at banks in Georgia and are used for the purpose of the daily activities of the Group.

Expected credit losses were assessed as immaterial as at 31 December 2025 and 2024.

As at December 31, 2025 and 2024 the majority of the Group's cash in banks is with banks rated by Fitch Ratings as B (short-term rating), BB (long-term rating).

Current accounts with other credit institutions comprise primarily Nostro accounts maintained with local banks in GEL, USD and EUR.

As at 31 December 2025, balances of current accounts with the National Bank of Georgia include overnight deposits amounting to GEL 16,300 thousand.

## 12. Financial assets and liabilities at fair value through profit or loss

	December 31, 2025	December 31, 2024
<b>Financial instruments at fair value through profit or loss</b>		
Derivative financial assets		
Foreign currency forward contracts	5	20
Currency swap contracts	–	4,483
Financial assets at fair value through profit or loss	<b>5</b>	<b>4,503</b>

	December 31, 2025	December 31, 2024
<b>Financial instruments at fair value through profit or loss</b>		
Derivative financial liabilities		
Foreign currency forward contracts	–	–
Currency swap contracts	12,807	–
<b>Financial liabilities at fair value through profit or loss</b>	<b>12,807</b>	<b>–</b>
Total financial Assets at fair value through profit or loss	–	4.503
Total financial Liabilities at fair value through profit or loss	<b>12,805</b>	<b>–</b>

Financial assets and liabilities at fair value through profit or loss comprise foreign currency derivative contracts.

As at December 31 2025 and December 31 2024 net loss on financial assets and liabilities at fair value through profit or loss of GEL 14,507 thousand and GEL 6,210 thousand, respectively, represent the net impact of these deals on the Groups' earnings. The amounts include transactions costs, i.e. any fee or interest these hedging instruments have as well as the effect of adjustments to bring them to their fair value.

Below table summarizes the deals that were entered into as of December 31, 2025 and 2024, respectively, and have not yet been settled. Displayed are their notional amounts and currency pairs that are to be exchanged as a result:

	Notional amount	
	December 31, 2025	December 31, 2024
<b>Sell USD buy GEL</b>		
Less than 3 months	103,492	85,467
Between 3 and 12 months	126,670	51,364
More than 1 year	18,866	58,943
	<b>249,028</b>	<b>195,774</b>
<b>Sell USD buy EUR</b>		
Less than 3 months	475	2,252
	<b>475</b>	<b>2,252</b>
<b>Sell USD buy CHF</b>		
Less than 3 months	-	467
	<b>-</b>	<b>467</b>
<b>Sell USD buy RUB</b>		
Less than 3 months	1,351	105
	<b>1,351</b>	<b>105</b>
<b>Sell USD buy TRY</b>		
Between 3 and 12 months	47	-
	<b>47</b>	<b>-</b>
<b>Sell GEL buy GBP</b>		
Less than 3 months	365	-
	<b>365</b>	<b>-</b>
<b>Sell GEL buy USD</b>		
Less than 3 months	-	406
Between 3 and 12 months	704	544
	<b>704</b>	<b>950</b>
<b>Sell EUR buy GEL</b>		
Less than 3 months	-	2,286
Between 3 and 12 months	35,831	14,653
More than 1 year	-	14,653
	<b>35,831</b>	<b>31,592</b>
<b>Sell EUR buy USD</b>		
Less than 3 months	-	821
	<b>-</b>	<b>821</b>

## 13. Loans to customers

	December 31, 2025	December 31, 2024
Principal	567,916	514,043
Accrued interest	2,552	1,837
Less: expected credit losses	(20,757)	(15,415)
<b>Total loans to customers</b>	<b>549,711</b>	<b>500,465</b>

All loans to customers are measured at amortised cost. The loans to customers are aggregated into homogeneous product groups, whereby loans in each group display similar characteristics, considering their performance, related risks and underlying business processes.

The following table provides information by loans product groups as at December 31, 2025:

	Gross carrying amount	Loss allowance	Carrying amount at amortised cost
<i>Loans to retail customers:</i>			
Micro business loans	159,701	(7,655)	152,046
Agricultural loans	124,781	(5,625)	119,156
Consumer loans	94,492	(3,366)	91,126
Auto loans	64,922	(551)	64,371
SME loans	61,400	(1,923)	59,477
Fast instalment loans	33,949	(1,298)	32,651
Pawnshop loans	18,849	(72)	18,777
Housing loans	12,374	(267)	12,107
<b>Total loans to customers</b>	<b>570,468</b>	<b>(20,757)</b>	<b>549,711</b>

The following table provides information by loans product groups as at December 31, 2024:

	Gross carrying amount	Loss allowance	Carrying amount at amortised cost
<i>Loans to retail customers:</i>			
Micro business loans	149,124	(3,276)	145,848
Agricultural loans	111,208	(6,195)	105,013
Consumer loans	83,328	(2,575)	80,753
Auto loans	51,539	(201)	51,338
SME loans	50,626	(2,073)	48,553
Fast instalment loans	39,337	(775)	38,562
Pawnshop loans	17,844	(51)	17,793
Housing loans	12,874	(269)	12,605
<b>Total loans to customers</b>	<b>515,880</b>	<b>(15,415)</b>	<b>500,465</b>

Movements in the loan impairment allowance for the year ended December 31, 2025 are as follows:

	2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit-impaired	
Balance at the beginning of the year	3,515	1,905	9,995	15,415
New loans originated	8,508	–	–	8,508
Transfer to 12-month ECL	67	(67)	–	–
Transfer to lifetime ECL not credit- impaired	(16,093)	17,007	(914)	–
Transfer to lifetime ECL credit- impaired	–	(24,304)	24,304	–
Repaid loans	(1,838)	(241)	(4,236)	(6,315)
Written off for the year	–	–	(21,209)	(21,209)
Recoveries of previously written off loans	–	–	3,470	3,470
Changes due to change in credit-risk	9,489	8,040	595	18,124
Interest income correction	–	–	2,764	2,764
<b>Balance at the end of the year</b>	<b>3,648</b>	<b>2,340</b>	<b>14,769</b>	<b>20,757</b>

Respective movements in the gross carrying amounts of loans to customers for the year ended December 31, 2025 are as follows:

	2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit-impaired	
Balance at the beginning of the year	475,545	25,612	14,723	515,880
New loans originated	416,633	–	–	416,633
Transfer to 12-month ECL	2,298	(2,298)	–	–
Transfer to lifetime ECL not credit- impaired	(39,522)	40,676	(1,154)	–
Transfer to lifetime ECL credit- impaired	–	(26,044)	26,044	–
Repaid loans	(335,644)	(9,536)	(6,404)	(351,584)
Written off for the year	–	–	(21,209)	(21,209)
Recoveries of previously written off loans	–	–	3,470	3,470
Other movements	2,085	656	4,537	7,278
<b>Balance at the end of the year</b>	<b>521,395</b>	<b>29,066</b>	<b>20,007</b>	<b>570,468</b>



Movements in the loan impairment allowance for the year ended December 31, 2024 are as follows:

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	6,613	2,204	9,632	<b>18,449</b>
New loans originated	6,060	–	–	<b>6,060</b>
Transfer to 12-month ECL	166	(166)	–	<b>–</b>
Transfer to lifetime ECL not credit-impaired	(9,883)	6,271	3,612	<b>–</b>
Transfer to lifetime ECL credit-impaired	–	(10,132)	10,132	<b>–</b>
Repaid loans	(3,798)	(420)	(4,355)	<b>(8,573)</b>
Written off for the year	–	–	(16,647)	<b>(16,647)</b>
Recoveries of previously written off	–	–	3,429	<b>3,429</b>
Changes due to change in credit-risk	4,357	4,148	5,203	<b>13,708</b>
Interest income correction	–	–	(1,011)	<b>(1,011)</b>
<b>Balance at the end of the year</b>	<b>3,515</b>	<b>1,905</b>	<b>9,995</b>	<b>15,415</b>

Respective movements in the gross carrying amounts of loans to customers for the year ended December 31, 2024 are as follows:

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	390,012	38,655	15,800	<b>444,467</b>
New loans originated	394,715	–	–	<b>394,715</b>
Transfer to 12-month ECL	12,362	(12,362)	–	<b>–</b>
Transfer to lifetime ECL not credit-impaired	(30,390)	32,839	(2,449)	<b>–</b>
Transfer to lifetime ECL credit-impaired	–	(16,968)	16,968	<b>–</b>
Repaid loans	(291,871)	(17,511)	(6,803)	<b>(316,185)</b>
Written off for the year	–	–	(16,647)	<b>(16,647)</b>
Recoveries of previously written off	–	–	3,429	<b>3,429</b>
Other movements	717	959	4,425	<b>6,101</b>
<b>Balance at the end of the year</b>	<b>475,545</b>	<b>25,612</b>	<b>14,723</b>	<b>515,880</b>

## 14. Net investments in leases

Lease payments receivables and their present values – investments in leases, net of expected credit losses as at December 31, 2025 are as follows:

	Due within 1 year	Due between 1 to 5 years	Total
Lease payments receivable	13,055	13,565	<b>26,620</b>
Less: unearned finance income	(969)	(8,789)	<b>(9,758)</b>
Investments in leases	12,086	4,776	<b>16,862</b>
Less: expected credit losses	(498)	(175)	<b>(673)</b>
Net investments in leases	11,588	4,601	<b>16,189</b>

Lease payments receivables and their present values – investments in leases, net of expected credit losses as at December 31, 2024 are as follows:

	Due within 1 year	Due between 1 to 5 years	Total
Lease payments receivable	11,579	12,524	<b>24,103</b>
Less: unearned finance income	(846)	(8,344)	<b>(9,190)</b>
Investments in leases	10,733	4,180	<b>14,913</b>
Less: expected credit losses	(438)	(155)	<b>(593)</b>
Net investments in leases	10,295	4,025	<b>14,320</b>

Movements in the impairment allowance for the year ended December 31, 2025 are as follows:

	2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	
Balance at the beginning of the year	150	109	334	<b>593</b>
New assets originated	274	–	–	<b>274</b>
Transfer to 12-month ECL	–	–	–	<b>–</b>
Transfer to lifetime ECL not credit-impaired	(371)	371	–	<b>–</b>
Transfer to lifetime ECL credit-impaired	–	(385)	385	<b>–</b>
Assets repaid	(101)	(23)	(76)	<b>(200)</b>
Assets repossessed	–	(36)	(256)	<b>(292)</b>
Changes due to change in credit-risk	225	39	34	<b>298</b>
				<b>–</b>
Balance at the end of the year	177	75	421	<b>673</b>

Respective movements in the gross carrying amounts for the year ended December 31, 2025 are as follows:

	2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	
Balance at the beginning of the year	11,164	1,629	2,120	<b>14,913</b>
New assets originated	10,167	–	–	<b>10,167</b>
Transfer to 12-month ECL	–	–	–	<b>–</b>
Transfer to lifetime ECL not credit-impaired	(4,004)	4,004	–	<b>–</b>
Transfer to lifetime ECL credit-impaired	–	(2,713)	2,713	<b>–</b>
Assets repaid	(5,009)	(371)	(529)	<b>(5,909)</b>
Assets repossessed	(8)	(504)	(1,797)	<b>(2,309)</b>
Balance at the end of the year	12,310	2,045	2,507	<b>16,862</b>

Movements in the impairment allowance for the year ended December 31, 2024 are as follows:

	2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - not credit- impaired	Stage 3 Lifetime ECL – credit-impaired	
Balance at the beginning of the year	48	6	387	441
New assets originated	209	-	-	209
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(88)	88	-	-
Transfer to lifetime ECL credit-impaired	-	(56)	56	-
Assets repaid	(21)	-	(77)	(98)
Assets repossessed	-	-	(33)	(33)
Changes due to change in credit-risk	2	71	1	74
Balance at the end of the year	150	109	334	593

Respective movements in the gross carrying amounts for the year ended December 31, 2024 are as follows:

	2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit-impaired	
Balance at the beginning of the year	9,946	1,070	1,844	12,860
New assets originated	9,425	-	-	9,425
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(3,332)	3,332	-	-
Transfer to lifetime ECL credit-impaired	-	(2,422)	2,422	-
Assets repaid	(4,806)	(165)	(378)	(5,349)
Assets repossessed	(69)	(186)	(1,768)	(2,023)
Balance at the end of the year	11,164	1,629	2,120	14,913

The following table provides information by investment sector as at December 31, 2025:

	Gross carrying amount	Loss allowance	Carrying amount
Construction	6,818	(299)	6,519
Service	2,462	(49)	2,413
Trade	2,337	(70)	2,267
Transportation & Logistics	2,334	(106)	2,228
Agriculture	802	(67)	735
Manufacturing	748	(12)	736
Beauty & Healthcare	650	(9)	641
Consumer	153	(1)	152
Car & Auto Part Dealers	132	(22)	110
Science & Education	140	(37)	103
Other	286	(1)	63
<b>Net investments in leases</b>	<b>16,862</b>	<b>(673)</b>	<b>16,189</b>

The following table provides information by investment sector as at December 31, 2024:

	Gross carrying amount	Loss allowance	Carrying amount
Construction	4,775	(130)	4,645
Transportation & logistics	2,761	(137)	2,624
Service	2,225	(47)	2,178
Trade	1,754	(106)	1,648
Manufacturing	944	(22)	922
Agriculture	808	(105)	703
Beauty and healthcare	633	(43)	590
Consumer	254	–	254
Car and auto part dealers	157	–	157
Science and education	140	–	140
Other	462	(3)	164
<b>Net investments in leases</b>	<b>14,913</b>	<b>(593)</b>	<b>14,320</b>

## 15. Right-of-use assets and Lease liabilities

Buildings and offices are represented by the Group's branch network, rented around the country; whereas vehicles are the transportation services the Group employs by contracting car drivers. Weighted average lease term for the right-of-use assets as of December 31, 2025 and December 31, 2024 is 7.4 and 7.0 years respectively.

	Buildings and Offices	Vehicles	Total
<b>Cost</b>			
Balance at 1 January 2025	28,009	2,443	30,452
Additions	1,193	98	1,291
Cancellations	(25)	(139)	(164)
Modification and other movements	6,499	14	6,513
<b>Balance at 31 December 2025</b>	<b>35,676</b>	<b>2,416</b>	<b>38,092</b>
<b>Depreciation</b>			
Balance at 1 January 2025	(17,108)	(1,668)	(18,776)
Depreciation for the year	(3,533)	(249)	(3,782)
<b>Balance at 31 December 2025</b>	<b>(20,641)</b>	<b>(1,917)</b>	<b>(22,558)</b>
Carrying amount At 31 December 2025	15,035	499	15,534

	Buildings and Offices	Vehicles	Total
<b>Cost</b>			
Balance at 1 January 2024	22,067	2,009	24,076
Additions	1,157	–	1,157
Cancellations	(225)	–	(225)
Modification of leases	5,010	434	5,444
<b>Balance at 31 December 2024</b>	<b>28,009</b>	<b>2,443</b>	<b>30,452</b>
<b>Depreciation</b>			
Balance at 1 January 2024	(13,153)	(1,442)	(14,595)
Depreciation for the year	(3,955)	(226)	(4,181)
<b>Balance at 31 December 2024</b>	<b>(17,108)</b>	<b>(1,668)</b>	<b>(18,776)</b>
Carrying amount At 31 December 2024	10,901	775	11,676

Movements in lease liabilities in 2025 and 2024 were as follows:

	2025	2024
Balance at 1 January	12,399	9,689
Additions	1,277	1,157
Cancellations	(178)	(225)
Modifications and other movements	6,534	5,281
Interest expense	1,009	937
Foreign exchange loss/(gain)	(466)	400
Repayment of lease interest	(664)	(880)
Repayment of lease principal	(4,150)	(3,960)
<b>Total</b>	<b>15,761</b>	<b>12,399</b>

Amounts recognised in profit and loss	2025	2024
Depreciation expense	(3,782)	(4,181)
Interest expense	1,009	(937)
Foreign exchange (loss)/gain	(466)	(400)
Expenses related to short-term leases and low-cost items	(663)	(470)
Gain on lease cancellation	(21)	163
<b>Total</b>	<b>(3,923)</b>	<b>(5,825)</b>



## 16. Property and equipment

	Buildings	Vehicles	Furniture	IT equip- ment	Leasehold improvements	Other	Total
<b>Cost</b>							
at January 1, 2025	107	1,354	1,684	7,480	7,524	4,473	22,622
Additions	–	191	250	1,733	679	739	3,592
Disposals	–	(71)	(36)	(398)	–	(125)	(630)
at December 31, 2025	<b>107</b>	<b>1,474</b>	<b>1,898</b>	<b>8,815</b>	<b>8,203</b>	<b>5,087</b>	25,584
<b>Accumulated depreciation</b>							
at January 1, 2025	(61)	(1,078)	(1,409)	(4,707)	(6,354)	(3,663)	(17,272)
Depreciation for the year	(4)	(117)	(70)	(865)	(532)	(193)	(1,781)
Eliminated on disposals	–	68	32	395	–	118	613
at December 31, 2025	<b>(65)</b>	<b>(1,127)</b>	<b>(1,447)</b>	<b>(5,177)</b>	<b>(6,886)</b>	<b>(3,738)</b>	(18,440)
<b>Carrying amount</b>							
At December 31, 2025	<b>42</b>	<b>347</b>	<b>451</b>	<b>3,638</b>	<b>1,317</b>	<b>1,349</b>	<b>7,144</b>
<b>Cost</b>							
at January 1, 2024	105	1,186	1,508	6,870	6,902	4,439	21,010
Additions	–	210	98	1,069	621	469	2,467
Disposals	2	(42)	78	(459)	1	(435)	(855)
at December 31, 2024	107	1,354	1,684	7,480	7,524	4,473	22,622
<b>Accumulated depreciation</b>							
at January 1, 2024	(57)	(1,071)	(1,307)	(4,309)	(6,285)	(3,994)	(17,023)
Depreciation for the year	(4)	(73)	(57)	(694)	(436)	(120)	(1,384)
Eliminated on disposals	–	66	(45)	296	367	451	1,135
at December 31, 2024	(61)	(1,078)	(1,409)	(4,707)	(6,354)	(3,663)	(17,272)
<b>Carrying amount</b>							
At December 31, 2024	46	276	275	2,773	1,170	810	5,350

Other property and equipment mainly consist of security systems and generators. As at December 31, 2025 and December 31, 2024 fully depreciated items which are still in use represented GEL 11,021 thousand and GEL 10,560 thousand, respectively.

## 17. Intangible assets

	Intangible assets
<b>Cost</b>	
at 1 January 2024	10,452
Additions	2,741
Disposals	(3,738)
<b>at December 31, 2024</b>	<b>9,455</b>
Additions	4,892
Disposals	(1,222)
<b>at December 31, 2025</b>	<b>13,125</b>
<b>Accumulated amortization</b>	
at January 1, 2024	(6,189)
Amortization for the year	(1,871)
Disposals	3,390
<b>at December 31, 2024</b>	<b>(4,670)</b>
Amortization for the year	(2,166)
Eliminated on disposals	1,222
<b>at December 31, 2025</b>	<b>(5,614)</b>

	Intangible assets
<b>Carrying amounts</b>	
<b>At December 31, 2024</b>	<b>4,785</b>
<b>At December 31, 2025</b>	<b>7,511</b>

Intangible assets consist of software and licenses, including internally developed software with a net book value of GEL 2,664 thousand (2024: GEL 1,677 thousand).

## 18. Other assets

	December 31, 2025	December 31, 2024
Other receivables	2,179	1,889
Other receivable from leasing	2,158	1,878
Less: expected credit losses	(1,449)	(313)
Total other financial assets	2,888	3,454
Repossessed assets	2,902	2,784
Assets to be leased out	4,369	1,720
Prepayments	1,237	820
Inventory	157	133
Taxes other than on income	216	–
<b>Total other non-financial assets</b>	<b>8,881</b>	<b>5,457</b>
<b>Total other assets</b>	<b>11,769</b>	<b>8,911</b>

The Group holds repossessed property which represent land, buildings and movable property (mostly vehicles) taken into Group's ownership as a settlement of non-performing loans. The Group intends to sell those assets in normal course of business.

In 2025, the Bank repossessed properties of GEL 1,666 thousand, represented by movable property, and GEL 234 thousand, represented by real estate, in non-cash settlement of loans and leases granted (2024: GEL 676 thousand and GEL 634 thousand, respectively). The Group engages external appraiser to assess the fair values of the repossessed properties on a regular basis to identify the need of write-downs.

## 19. Customer accounts

After obtaining a micro banking license from the National Bank of Georgia, the group became eligible to accept deposits from individuals and legal entities and to open bank accounts for its clients.

The funds obtained from individuals and legal entities are presented below.

	December 31, 2025	December 31, 2024
Current Accounts	11,354	–
private individuals	11,198	–
legal entities	156	–
Term deposit accounts	21,743	–
private individuals	21,683	–
legal entities	60	–
<b>Total Customer accounts</b>	<b>33,097</b>	<b>–</b>

The following table shows a breakdown of customer accounts by economic sector:

	December 31, 2025	December 31, 2024
Individuals	32,881	–
Service	186	–
Manufacturing	21	–
Trade	9	–
<b>Total Customer accounts</b>	<b>33,097</b>	<b>–</b>

As at 31 December 2025, the Group and the Bank did not have significant client balances in relation to the Group's capital, as none exceeded 10% of capital.

As at 31 December 2025, customer accounts were not collateralized.

## 20. Promissory notes

This note provides information about the contractual terms of interest-bearing promissory notes which are measured at amortized cost. For more information about exposure to interest rate, foreign currency and liquidity risks, see Note 30.

Terms and conditions of outstanding promissory notes are as follows:

	Currency	Nominal interest rate	Year of maturity	December 31, 2025 Carrying Amount	December 31, 2024 Carrying Amount
Unsecured promissory notes	GEL	9.00% - 14.50%	2026-2027	41,376	8,241
Unsecured promissory notes	USD	4.50% - 7.25%	2026-2027	17,559	4,912
Unsecured promissory notes	EUR	4.25% - 4.5%	2026	768	297
<b>Total promissory notes</b>				<b>59,703</b>	<b>13,450</b>

### Reconciliation of changes arising from financing activities

	January 1, 2025	Issuance of promissory notes during the year 2025	Repayment of promissory notes during the year 2025	Interest accrual during the year 2025	Interest paid during the year 2025	Foreign exchange loss during the year 2025	December 31, 2025
Promissory notes	13,450	57,582	(12,214)	3,130	(2,115)	(130)	59,703

	January 1, 2024	Issuance of promissory notes during the year 2024	Repayment of promissory notes during the year 2024	Interest accrual during the year 2024	Interest paid during the year 2024	Foreign exchange loss during the year 2024	December 31, 2024
Promissory notes	1,330	18,163	(6,651)	791	(339)	156	13,450

## PROMISSORY NOTE

In January 2023, the Group 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 “Coin” (“Moneta”), whereby the Buyer of a coin has a choice between a) open and closed note, and b) interest withdrawal frequency, via contractual terms.

A closed promissory note bears higher interest rate, since the principal is repaid to the Lender in a single bullet payment at maturity, whereby in case of an open note use of invested funds is up to Client’s discretion and can be withdrawn with a short notice. In addition, the Lender can choose to receive interest earnings at a specified upon frequency or as a lump sum at maturity.

The minimum term for the promissory note is 3 months; in a minimum amount of GEL 100 thousand (or equivalent) up to GEL 1,000 thousand (or equivalent) in case of an open note or up to a maximum amount of GEL 3,000 thousand (or equivalent), in case of a closed note.

## COVENANT REQUIREMENTS

The are no covenant requirements applicable to promissory notes.

# 21. Debt securities issued

This note provides information about the contractual terms of interest-bearing debt securities which are measured at amortized cost. For more information about exposure to interest rate, foreign currency and liquidity risks, see Note 30.

	December 31, 2025	December 31, 2024
Debt securities issued	-	26,297
Total debt securities issued	-	26,297

The Group’s borrowed funds short-term and long-term classification is as following:

	December 31, 2025	December 31, 2024
<b>Current liabilities</b>		
Debt securities issued	-	26,297
Total debt securities issued	-	26,297

## TERMS AND DEBT REPAYMENTS

Terms and conditions of outstanding debt securities issued are as follows:

	Currency	Nominal interest rate	Year of maturity	December 31, 2025 Carrying Amount	December 31, 2024 Carrying Amount
Unsecured debt securities issued	GEL	4.75% + 6-month Tbilisi Inter Bank Rate (TIBR)	2025	-	26,297
Total debt securities issued				-	26,297

### Reconciliation of changes arising from financing activities

	January 1, 2025	Issuance of debt securities during the year 2025	Repayment of debt securities during the year 2025	Interest accrual during the year 2025	Interest paid during the year 2025	Foreign exchange gain during the year 2025	December 31, 2025
Debt securities issued	26,297	-	(25,000)	371	(1,668)	-	-

	January 1, 2024	Issuance of debt securities during the year 2024	Repayment of debt securities during the year 2024	Interest accrual during the year 2024	Interest paid during the year 2024	Foreign exchange gain during the year 2024	December 31, 2024
Debt securities issued	26,406	-	-	3,597	(3,706)	-	26,297

## CORPORATE BOND

In February 2023, the Group issued GEL 25,000 thousand face value first ever certified gender bond in the region, with Asian Development Bank (ADB) being an anchor investor (75%) and co-funded by the local commercial bank (25%), maturing in 2 years and bearing a contractual rate of interest of 4.75% over the 6-month Tbilisi Inter Bank Rate (TIBR) per annum on the notional amount.

As at 31 December 2025, the principal and accrued interest on the bonds had been fully repaid.

## COVENANT REQUIREMENTS

The Group is obliged to comply with financial covenants in relation to debt securities issued. These covenants include stipulated ratios, as well as leverage, liquidity, profitability and risk coverage ratios. The Group was in compliance with these covenants as at 31 December 2024 and until the date of full repayment of the debt securities during 2025. Following the full repayment of the debt securities, no financial covenants were applicable as at 31 December 2025.

# 22. Borrowed funds

This note provides information about the contractual terms of interest-bearing loans and borrowings which are measured at amortized cost. For more information about exposure to interest rate, foreign currency and liquidity risks, see Note 30.

The Group's borrowed funds short-term and long-term classification is as following:

	December 31, 2025	December 31, 2024
<b>Non-current liabilities</b>		
Borrowed funds	210,800	224,300
<b>Current liabilities</b>		
Borrowed funds	183,979	163,808
<b>Total borrowed funds</b>	<b>394,779</b>	<b>388,108</b>

## TERMS AND DEBT REPAYMENTS

Terms and conditions of outstanding borrowed funds are as follows:

				December 31, 2025	December 31, 2024
	Currency	Nominal interest rate	Year of maturity	Carrying Amount	Carrying Amount
Unsecured loans from financial institutions	GEL	11.68% – 14.76%	2026 – 2029	168,019	196,555
Unsecured loans from financial institutions	USD	4.35% – 8.10%	2026 – 2029	194,724	159,132
Unsecured loans from financial institutions	EUR	6.38% – 6.50%	2027	32,036	32,421
<b>Total borrowed funds</b>				<b>394,779</b>	<b>388,108</b>

## RECONCILIATION OF CHANGES ARISING FROM FINANCING

### ACTIVITIES

	January 1, 2025	Receipt of loans during the year 2025	Repayment of loans during the year 2025	Interest accrual during the year 2025	Interest paid during the year 2025	Foreign exchange loss during the year 2025	December 31, 2025
Borrowed funds	<b>388,108</b>	186,840	(173,092)	43,634	(45,737)	(4,974)	394,779

	January 1, 2024	Receipt of loans during the year 2024	Repayment of loans during the year 2024	Interest accrual during the year 2024	Interest paid during the year 2024	Foreign exchange loss during the year 2024	December 31, 2024
Borrowed funds	332,303	139,769	(91,244)	37,219	(37,143)	7,204	388,108

## UNUSED CREDIT LINE FACILITIES

As at December 31, 2025 and 2024, the Group has credit lines amounting to GEL 0 thousand and GEL 29,250 thousand, respectively, all expiring during the following year. These instruments are of revolving nature and up until their maturity the Group is at liberty to withdraw and repay repeatedly as much amount within the limit of the underlying facilities, as needed, for the Group's daily operations and liquidity management. As at December 31, 2025 and 2024, the Group has fully utilized these funds.

## COVENANT REQUIREMENTS

The Group is obligated to comply with financial covenants in relation to borrowed funds disclosed above. These covenants include stipulated ratios, as well as leverage, liquidity, profitability and risk coverage ratios.

There were several breaches of covenants during 2025. The Group notified all counterparties and obtained the waiver letters and/or managed to amend the requirements to more suitable limits, prior to December 31, 2025. As a result, the respective liabilities are not immediately repayable.

The carrying value of the borrowed funds in respect of which breaches occurred at any point throughout 2025, maturing in more than one year from the reporting date was GEL 54,130 thousand as at 31 December 2025.

## 23. Subordinated debt

This note provides information about the contractual terms of interest-bearing subordinated debt which are measured at amortized cost. For more information about exposure to interest rate, foreign currency and liquidity risks, see Note 30.

The Group's subordinated debt short-term and long-term classification is as following:

	December 31, 2025	December 31, 2024
<b>Non-current liabilities</b>		
Subordinated debt	35,988	20,072
<b>Current liabilities</b>		
Subordinated debt	4,815	3,259
<b>Total subordinated debt</b>	<b>40,803</b>	<b>23,331</b>

### TERMS AND DEBT REPAYMENTS

Terms and conditions of outstanding subordinated debt are as follows:

Lender	Currency	Interest rate	Year of maturity	December 31, 2025	December 31, 2024
Loan 1	EUR	9.20%	2031	9,454	–
Loan 2	USD	12.48%	2027	8,167	8,491
Loan 3	USD	13.50%	2030	7,540	–
Loan 4	USD	11.88%	2030	5,506	5,743
Loan 5	EUR	6.50%	2030	4,104	–
Loan 6	USD	12.81%	2029	3,344	3,476
Loan 7	USD	14.50%	2030	2,688	2,795
Loan 8	USD	9.00%	2025	–	2,826
<b>Total subordinated debts</b>				<b>40,803</b>	<b>23,331</b>

In case of bankruptcy, the repayment of the subordinated debt will be made after repayment in full of all other liabilities of the Group.

No equity conversion option is presented in the subordinated loan agreement as at December 31, 2025 and 2024.

### Reconciliation of changes arising from financing activities

	January 1, 2025	Receipt of subordinated debt during the year 2025	Repayment of subordinated debt during the year 2025	Interest accrual during the year 2025	Interest paid during the year 2025	Foreign exchange loss during the year 2025	December 31, 2025
Subordinated debt	23,331	21,019	(2,213)	2,836	(3,148)	(1,022)	40,803

	January 1, 2024	Receipt of subordinated debt during the year 2024	Repayment of subordinated debt during the year 2024	Interest accrual during the year 2024	Interest paid during the year 2024	Foreign exchange loss during the year 2024	December 31, 2024
Subordinated debt	16,867	8,258	(2,762)	2,030	(1,907)	845	23,331

## COVENANT REQUIREMENTS

The Group is obligated to comply with financial covenants in relation to subordinated debt, but their non-compliance will not result in a default while the debt satisfies the criteria of the National Bank of Georgia for including it in a regulatory capital. As at December 31, 2025, the Group is in full compliance with these financial covenants.

## 24. Other liabilities

	December 31, 2025	December 31, 2024
Payments received for future installment	–	9,012
Accruals for employee compensation	2,147	2,808
Payables to suppliers	682	2,616
Payables to customers	3,591	703
<b>Total other financial liabilities</b>	<b>6,420</b>	<b>15,139</b>
Taxes other than on income	48	3
Other non-financial liabilities	340	28
<b>Total other non-financial liabilities</b>	<b>388</b>	<b>31</b>
<b>Total other liabilities</b>	<b>6,808</b>	<b>15,170</b>

As at December 31, 2025 and 2024, Payments received for future installment of GEL 0 thousand and GEL 9,012 thousand, respectively, represent payments made by the customers towards covering their respective loan obligations in advance to their contractual schedules. The Group records such early repayment amounts on its transit account as a liability towards customers until the actual scheduled repayment date rather than applying them towards loan repayment immediately, so that the customers are not charged with the early repayment fees. The amounts are always settled within a month and are included in the earliest liquidity buckets.

As at December 31, 2025 and 2024, payables to customers of GEL 682 thousand and GEL 703 thousand, respectively, represent loan repayments in excess of clients' actual outstanding exposures. The amounts remain as the Group's liability towards customers for 3 years post loan settlement, during which the amounts can be requested any time and are subject to immediate repayment. After a 3-year period, the amounts are recognized in Group's earnings.



## 25. Share capital and reserves

### SHARE CAPITAL

Share capital as at December 31, 2025:

Shareholder	Number of shares	Common/ non-re-deemable preference	Share %	Voting rights	Capital GEL'000
AGRIF COÖPERATIEF U.A.	1,454,938	Common	40.03%	40.03%	1,455
DWM Funds S.C.A-SICAV SIF	683,332	Common	18.80%	18.80%	683
Individual shareholders	1,496,306	Common	41.17%	41.17%	1,497
	<b>3,634,576</b>		<b>100.00%</b>	<b>100.00%</b>	<b>3,635</b>

Share capital as at December 31, 2024:

Shareholder	Number of shares	Common/ non-re-deemable preference	Share %	Voting rights	Capital GEL'000
AGRIF COÖPERATIEF U.A.	1,454,938	Common	40.03%	40.03%	1,455
DWM Funds S.C.A-SICAV SIF	683,332	Common	18.80%	18,80%	683
Individual shareholders	1,496,306	Common	41.17%	41.17%	1,497
	<b>3,634,576</b>		<b>100.00%</b>	<b>100.00%</b>	<b>3,635</b>

All ordinary shares have a nominal value of GEL 1 and are fully paid.

### SHARE PREMIUM

Share premium represents the amount received for a share in excess of its registered value. Hence, it can be generated via the same sources as the share capital - actual issuance of shares.

Share premium was GEL 22,110 thousand for the years ended December 31, 2025 and 2024.

### DIVIDENDS

The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Group.

The holders of preferred stock are entitled to receive dividends at annual interest rate of 10%. According to Georgian legislation any promise of dividends is void and based on profit for the year and management decision.

Based on the resolutions of the shareholders, in 2025 the Group declared and paid dividends to common shareholders amounting to GEL 3,340 thousand, with dividends per common share of 0.92 GEL. In 2024, dividends amounting to GEL 959 thousand were declared and paid to preferred shareholders. The dividend per preferred share amounted to GEL 1.67.

In accordance with Georgian legislation the Group's distributable reserves are limited to the balance of retained earnings as recorded in the Group's consolidated financial statements prepared in accordance with IFRS.

## 26. Commitments and Contingencies

In the ordinary course of business, the Bank enters into financial instruments that give rise to off-balance-sheet credit exposures in order to meet the needs of its customers. Such instruments expose the Bank to varying degrees of credit risk and are not recognised in the statement of financial position.

The Bank applies the same credit risk management and control policies to off-balance-sheet exposures as it does to recognised financial instruments.

Management performs an annual assessment of expected credit losses (ECL) on these commitments, and the resulting impact was not material as at 31 December 2025 and 31 December 2024.

As at December 31, 2025 and 2024 contingent liabilities comprise:

	Decem- ber 31, 2025	Decem- ber 31, 2024
Undrawn loan commitments	2,436	2,100
<b>Total Contingent liabilities and credit commitments</b>	<b>2,436</b>	<b>2,100</b>

The breakdown of undrawn loan commitments by stages is presented below:

	Decem- ber 31, 2025	Decem- ber 31, 2024
Stage 1	2,032	1,618
Stage 2	208	275
Stage 3	196	207
<b>Total Contingent liabilities and credit commitments</b>	<b>2,436</b>	<b>2,100</b>

### LITIGATION

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.



## TAXATION CONTINGENCIES

Tax legislation in Georgia is subject to varying interpretations and changes can occur frequently. These circumstances may create tax risks in Georgia that are more significant than in other developed economies. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements, and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

## OPERATING ENVIRONMENT

Emerging markets such as Georgia are subject to different risks than more developed markets; these include economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to evolve rapidly with tax and regulatory frameworks subject to varying interpretations. The future direction of Georgia's economy is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

For the last few years Georgia has experienced a number of legislative changes, which have been largely related to Georgia's accession plan to the European Union. Whilst the legislative changes implemented during the years paved the way, more can be expected as Georgia's action plan for achieving accession to the European Union continues to develop.

Additionally, Georgia achieved EU candidacy status in 2023, which increased consumer and business confidence.

# 27. Related party transactions

## CONTROL RELATIONSHIPS

As at December 31, 2025 the Group does not have any controlling shareholder.

## TRANSACTIONS WITH MEMBERS OF THE SUPERVISORY AND EXECUTIVE BOARDS

Total remuneration and management consulting fees included in personnel expenses for the years ended December 31, 2025 and 2024 is as follows:

	<b>2025</b>	<b>2024</b>
Salaries and bonuses	2,322	1,942
Consulting fees	605	600
	<b>2,927</b>	<b>2,542</b>

Total funding attracted for the years ended December 31, 2025 and 2024 is as follows:

	Transaction value 2025	Transaction value 2024	Outstanding balance 2025	Outstanding balance 2024
Promissory note	296	554	296	564
Interest expense	4	12	4	12

## 28. Fair value of financial instruments

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Georgia continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

### FAIR VALUE HIERARCHY

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- **Level 1:** quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

## **FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS (BUT FAIR VALUE DISCLOSURES ARE REQUIRED).**

For financial assets and liabilities that have a short-term maturity (less than 3 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and current accounts without a maturity.

**Cash and cash equivalents** – Cash and cash equivalents are carried at amortized cost which approximates their current fair value.

**Amounts due from credit institutions** - Amounts due from credit institutions are carried at amortized cost which approximates their current fair value.

**Customer Accounts** - Customer accounts are carried at amortized cost and mainly comprise current accounts of customers and term deposits. Current account balances approximate their fair value due to their short-term nature and demand feature.

Term deposits were introduced approximately three months prior to the reporting date. Accordingly, management believes that their amortized cost approximates their fair value, as there have been no significant changes in market interest rates since initial recognition.

**Other financial assets and liabilities** – Other financial assets and liabilities are mainly represented by short-term receivables and payables, therefore the carrying amount is assumed to be reasonable estimate of their fair value.

**Loans to customers** – The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates of new instruments with similar credit risk and remaining maturity. Discount rates depend on currency, maturity of the instrument and credit risk of the counterparty.

**Borrowed funds, debt securities issued, promissory notes and subordinated debt** – The fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using current interest rates of new instruments. For the borrowings received at variable rates management believes that carrying rate may be assumed to be market interest rate.

**Lease liability, Net investments in leases** – The fair value of lease liability and net investment in leases is based on estimated future cash outflows/inflows discounted at current interest rate. Discount rate depends on currency and maturity of the instruments. The fair value of the lease liability and the net investment in leases approximates their carrying amount.



The following table shows the carrying amount and fair value of financial assets and financial liabilities recognised in the consolidated financial statements.

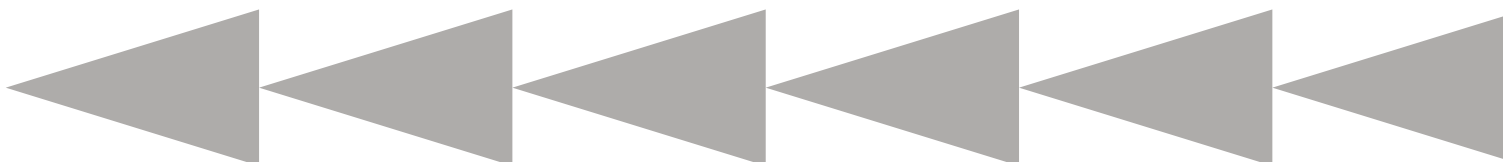
	Fair value hierarchy	December 31, 2025		December 31, 2024	
		Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	Level 2	57,133	57,133	24,686	24,686
Amounts due from credit institutions	Level 2	385	385	–	–
Loans to customers	Level 3	549,711	565,696	500,465	514,023
Net investments in leases	Level 3	16,189	16,189	14,320	14,320
Other financial assets	Level 3	2,888	2,888	3,454	3,454
Customer Accounts	Level 2	33,097	33,097	–	–
Promissory notes	Level 2	59,703	59,703	13,450	13,450
Debt securities issued	Level 2	–	–	26,297	26,297
Borrowed funds	Level 3	394,779	397,783	388,108	386,422
Subordinated debt	Level 3	40,803	42,323	23,331	22,670
Other financial liabilities	Level 3	6,420	6,420	15,139	15,139

### FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

Derivative financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	December 31, 2025	December 31, 2024				
Derivative financial instruments						
Financial assets and liabilities at fair value through profit or loss	12,802	4,503	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.	N/A	N/A

The Group uses widely recognised valuation models for determining the fair value of derivative financial instruments, like foreign exchange forward contracts and currency swaps that use only observable market data and require less management judgment and estimation.



## 29. Capital management

The primary objectives of the Group's capital management are:

- To ensure compliance with the capital requirements established by the National Bank of Georgia (the 'NBG');
- To ensure compliance with the internal capital adequacy requirements;
- To safeguard the Group's ability to continue as a going concern; and
- To maintain an optimal capital structure that supports sustainable growth and provides adequate returns to shareholders commensurate with the level of risk.

The Group determines the amount of capital required in proportion to its risk profile, taking into account regulatory requirements, the nature and scale of its operations, and strategic development plans. The Group manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory environment and the risk characteristics of its activities. In order to maintain or adjust its capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders, issue new shares, or dispose of assets to reduce liabilities.

The capital requirements set for the banking sector of Georgia are based on the Basel III standard and the European Parliament and Council Regulation 575/2013 of June 26 2013, as well as Directive 2013/36/EU (CRR-CRD package). Minimum capital requirements are defined by the "Regulation on Capital Adequacy Requirements for Microbanks".

Following its transformation into a microbank, the Group's capital is governed by the Capital Adequacy Policy, Internal Capital Adequacy Assessment Process (ICAAP) Policy and Risk Exposure Identification and Classification Policy. The policies cover both external requirements established by the NBG for microbanks and internal metrics. Compliance with the requirements is monitored on a monthly basis and reported to the ALCO. The status is shared with the Risk Management Committee on a quarterly basis.

### REGULATORY REQUIREMENTS

Under the regulatory capital framework applicable to microbanks, capital requirements consist of Pillar 1, combined and Pillar 2 buffers.

Pillar 1 sets minimum requirements for Common Equity Tier 1 (CET1), Tier 1 and total regulatory capital as a percentage of risk-weighted assets at 4.5%, 6% and 8%, respectively.

Combined buffers include capital conservation buffer of 2.5% and countercyclical buffer of 0.5% as at 31 December 2025.

Pillar 2 sets additional capital requirements, which may not be fully captured under Pillar 1, such as Net GRAPE (General Risk Assessment Program) buffer and CRA (Credit Risk Adjustment) buffer. The purpose of net GRAPE buffer is to determine adequate capital buffers for the risks identified within GRAPE and not covered or inappropriately covered by the Pillar 2 capital buffers. The purpose of CRA buffer is to reduce the credit risk caused by the insufficient expected losses set for assets. Pillar 2 buffers are specific for each microbank.

As at 31 December 2025, the Group complied with the capital requirements established by the National Bank of Georgia as disclosed in the table below:

	<b>2025</b>
Share capital	25,745
Retained earnings	67,451
Less: Intangible assets, net	(7,511)
Less: investment	(610)
Current period profit	13,477
Core Tier 1 capital	98,551
Additional Tier 1 Capital	–
Tier 1 Capital	98,551
Tier 2 Capital	27,052
<b>Total. Reg capital</b>	<b>125,603</b>

<b>Ratio</b>	<b>Actual</b>	<b>Requirement</b>
CET1	14.98%	10.71%
Tier 1	14.98%	12.82%
<b>Total regulatory capital</b>	<b>19.09%</b>	<b>15.62%</b>

The table below discloses the Group's compliance with the Capital Adequacy Ratio (CAR) established by the National Bank of Georgia as at 31 December 2024.

As at that date, the Group operated as a microfinance organisation (MFO) and was subject to capital adequacy requirements applicable to microfinance organisations.

	<b>2024</b>
Share capital	3,635
Share premium	22,110
Retained earnings	79,487
Eligible subordinated debt	14,483
Regulatory capital before reductions	119,715
Less intangible assets	(5,082)
Less investment in a subsidiary	(610)
Regulatory capital	114,023

	<b>2024</b>
Total assets before reductions	573,886
Less intangible assets	(5,082)
Less investment in a subsidiary	(610)
<b>Total assets after reductions</b>	<b>568,194</b>

	<b>December 31, 2024</b>
Capital adequacy ratio <sup>1</sup>	20.07%

The Group also monitors its capital adequacy levels to comply with debt covenants, calculated in accordance with the lenders' requirements. See Note 22 for the details of compliance with covenants.

<sup>1</sup> Not audited

## 30. Risk management policies

Management of risk is fundamental to the business and is an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk and liquidity risk.

The risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Supervisory Board, together with its committees, has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Group's Risk Management Committee and the Risk Directorate are responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within the established risk parameters. The Risk Director is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Risk Management Committee.

Credit risk both at the portfolio and transactional levels is managed and controlled through a system of Credit Committees. In order to facilitate efficient and effective decision-making, the Group established a hierarchy of credit committees depending on the type and amount of the exposure.

Liquidity and market risks are controlled via the Asset and Liability Committee (ALCO) along with capital management.

Both external and internal risk factors are identified and managed throughout the organization. Particular attention is given to identifying the full range of risk factors and determination of the level of assurance over the current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Directorate monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their areas of expertise.

### CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group has policies and procedures for the management of credit exposures, including the establishment of Credit Committees, the analytical bodies responsible for analysing the information in the loan applications, assessing and reducing the credit risks. The credit policy (in the form of a Credit Manual) is reviewed and approved by the Supervisory Board.

The credit policy establishes:

- Procedures for reviewing and approving loan credit applications;
- Methodology for the credit assessment of borrowers;
- Methodology for the evaluation of collateral;
- Credit documentation requirements;
- Procedures for the ongoing monitoring of loans and other credit exposures.

The Credit Committee is authorized to make the final decision about financing or rejecting the loan/lease applications. The loans/leases presented to the Committee for approval are based on limits established by the credit policy. Maximum limits for single client and/or group of interrelated clients are defined by the Risk Appetite document, approved by the Supervisory Board.

Accuracy and correctness of information presented to the Credit Committee is the responsibility of the credit officer, who fills in the initial application after the due scrutiny of the applicant's business and its credit risks through the use of scoring models and application data verification procedures). Eventually the Credit Committee members assess the application against the established criteria (applicant's credit history, financial condition, competitive ability, creditworthiness, etc.).

Assessment of the applicant's creditworthiness through monitoring of its business allows timely avoidance the risk of financial loss. The Group has the following monitoring procedures in place:

- obligatory quarterly monitoring of disbursed loans (certain percentage), which is performed by branch manager or credit team leader, covering transactions defined by respective procedure;
- monitoring performed by credit control team, covering randomly selected single transactions, compliance with credit policy and established standards;
- monitoring of investments in leases once every 6 months by specialized team.

For timely response to potential risks, monitoring results are presented to the top management on a monthly basis. The monitoring system helps to manage credit risks and to minimize them in a timely manner.

Exposure to credit risk is also managed, in part, by obtaining collateral and personal guarantees.

Apart from individual customer analysis, the credit portfolio is assessed by the Credit Risk Management Department with regard to credit concentration, market risks, portfolio quality and compliance indicator defined by the Risk Appetite document.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the consolidated statement of financial position.

As at December 31, 2025 and 2024, the Group has no debtors or groups of connected debtors, credit risk exposure to whom exceeds 10% of the Group's equity.

### **Portfolio segmentation**

For the purpose of portfolio segmentation, according to the homogeneity of the risk of portfolio grouping, the portfolio is divided in the groups according to product types: Micro Business, SME, Agricultural, Housing, Consumer, Auto, Installment and Pawnshop loans. Portfolio of investments in leases is not further broken into segments. Vintage analysis and default rate analysis are performed to further ensure the homogeneity of identified segments. PD is calculated separately for each of the above-mentioned groups.

The client exposure is further broken down into collateralized and non-collateralized loans, as the two display different characteristics and bear different risks.

### **Significant increase in credit risk**

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- The remaining lifetime PD at the reporting date; with the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure;
- As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- The criteria can identify significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes 30 days past due; and
- There is no unwarranted volatility in loss allowance from transfers between 12-months PD (probability of default) and lifetime PD.

### Definition of default

A financial instrument is classified as defaulted when objective evidence indicates that the borrower is unlikely to fully meet contractual obligations without enforcement, recovery, restructuring, or realization of collateral. The default criteria differ for pawnshop and non-pawnshop loans, reflecting the shorter-term and collateral-based nature of pawnshop lending.

A financial instrument other than a pawnshop loan is classified as defaulted if at least one of the following criteria is met:

- The loan is overdue by more than 90 days (DPD > 90);
- The financial instrument is under litigation, including cases restructured through a court settlement;
- Third and higher rank restructurings.
- The client is deceased;
- The client has at least one other active financial instrument classified as defaulted / Stage 3, excluding pawnshop loans. In such cases, the contamination principle is applied, and the client's other non-pawnshop active exposures are also classified as defaulted / Stage 3;
- The client has a written-off loan. If the same client has other active financial instruments, those exposures are also classified as defaulted / Stage 3 under the contamination principle.

A pawnshop loan is classified as defaulted if at least one of the following criteria is met:

- The loan is overdue by more than 30 days (DPD > 30);
- The client is deceased

The definition of default is in line with relevant regulations, taking into account the 90 days past due cap presumption of IFRS 9.

The loans for which the Group recognizes default, are credit-impaired loans.

### INCORPORATION OF FORWARD-LOOKING INFORMATION

The Group incorporates forward-looking information into both: its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL (expected credit loss).

The Group has identified and documented the key drivers of credit risk and credit losses for the portfolio using an analysis of historical data, has assessed impact of macro-economic variables on probability of default and recovery rate. The following macro-economic variables were involved in the analysis:

- Real growth rate of GDP of Georgia;
- Inflation rate;
- Monetary policy interest rate;
- Nominal effective exchange rate.

The table below summarizes the principal macroeconomic indicators included in the economic scenarios used at December 31, 2025 for the years 2026 to 2028, for Georgia:

	2026	2027	2028
<b>GDP Growth, %</b>			
Base scenario	4.9	5.1	5
Upside scenario	6	5.5	5
Downside scenario	2	4	5
<b>Inflation rate, %</b>			
Base scenario	3.5	2.8	3
Upside scenario	3	2.5	3
Downside scenario	8	5.5	3
<b>Monetary policy interest rate, %</b>			
Base scenario	7.4	7.1	7
Upside scenario	7	6.5	7
Downside scenario	9.5	9	8
<b>Nominal effective exchange rate</b>			
Base scenario	418.3	418.3	418.3
Upside scenario	460.1	464.7	471.7
Downside scenario	368	346	356.4

## MEASUREMENT OF ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

### Probability of default (PD)

Cox model is a well-known statistical concept widely used in survival analysis, which is the area of statistics that deals with lifetime data. The variable of interest is the time to the occurrence of an event. It is commonly used in medical drug studies and reliability studies in engineering. In the case of credit risk, the event in question is default.

As mentioned in the ECL paragraph, ECL calculation utilizes PD (Marginal Probability of Default) through CPD (cumulative Probability of Default). It occurs that both parameters can be easily obtained from hazard functions calculated for each exposure.

As a result of the application of survival models, there is a transition from old model based only on delinquency migration to individual assessment in new model. In addition to applicative factors, behavioral factors are added to the new model, which demonstrates the potential for the development of this approach in assessing the probability of default.

Full procedure of PD model estimation consisted of five main steps:

- Data preparation and selection of candidates for explanatory variables;
- Single analysis;
- multi-factor analysis;
- Estimation of covariates in Cox proportional hazard model;
- Quality and back testing.

### Main assumptions and segmentation

For the modelling purposes the following assumptions were taken:

- Only first default for each exposure was consider as valid (i.e. remaining data after default entry was cut off)
- All facilities which are in default at their first observation date were excluded from the sample
- Default was defined by 2 criteria: days past due and written off status
- Each occurrence of a loan within a timeline was considered as a separate observation

Modeling was based on a product group segmentation that separates loans looking at common characteristics.

### Loss given default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD model considers cash recoveries only. LGD is calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

### Exposure at default (EAD)

EAD represents the expected exposure in the event of default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

### CREDIT QUALITY OF LOANS TO CUSTOMERS

The following tables provide information on the credit quality of loans to customers as at December 31, 2025:

	Gross loans Stage 1 12-month ECL	Gross loans Stage 2 Lifetime ECL – not credit-impaired	Gross loans Stage 3 Lifetime ECL – credit-impaired	ECL	Net loans	ECL allowance to gross loans %
<i>Analysis by product group:</i>						
<b>Micro business loans</b>						
Not overdue	146,051	4,905	2,562	(4,395)	149,123	3%
1 to 30 days overdue	366	1,216	271	(327)	1,526	18%
31 to 60 days overdue	–	618	367	(395)	590	40%
61 to 90 days overdue	–	399	406	(459)	346	57%
91 to 180 days overdue	–	–	2,539	(2,079)	460	82%
Total micro business loans	146,417	7,138	6,145	(7,655)	152,045	5%
<b>Agricultural loans</b>						
Not overdue	112,667	4,482	1,953	(2,681)	116,421	2%
1 to 30 days overdue	214	951	660	(618)	1,207	34%
31 to 60 days overdue	–	484	394	(367)	511	42%
61 to 90 days overdue	–	623	470	(496)	597	45%
91 to 180 days overdue	–	–	1,882	(1,463)	419	78%
Total agricultural loans	112,881	6,540	5,359	(5,625)	119,155	5%

	Gross loans Stage 1 12-month ECL	Gross loans Stage 2 Lifetime ECL – not credit- im- paired	Gross loans Stage 3 Lifetime ECL – cred- it- impaired	ECL	Net loans	ECL allowance to gross loans %
<b>Consumer loans</b>						
Not overdue	87,327	2,845	1,325	(1,765)	89,732	2%
1 to 30 days overdue	266	525	324	(313)	802	28%
31 to 60 days overdue	–	266	104	(149)	221	40%
61 to 90 days overdue	–	278	90	(206)	162	56%
91 to 180 days overdue	–	–	1,141	(929)	212	81%
Total consumer loans	87,593	3,914	2,984	(3,362)	91,129	4%
<b>Auto loans</b>						
Not overdue	59,240	2,336	486	(206)	61,856	0%
1 to 30 days overdue	205	818	207	(45)	1,185	4%
31 to 60 days overdue	–	353	194	(74)	473	14%
61 to 90 days overdue	–	121	244	(49)	316	13%
91 to 180 days overdue	–	–	718	(178)	540	25%
Total auto loans	59,445	3,628	1,849	(552)	64,370	1%
<b>Fast instalment loans</b>						
Not overdue	31,342	675	179	(361)	31,835	1%
1 to 30 days overdue	76	242	49	(48)	319	13%
31 to 60 days overdue	–	231	34	(65)	200	25%
61 to 90 days overdue	–	165	57	(106)	116	48%
91 to 180 days overdue	–	–	899	(719)	180	80%
Total fast instalment loans	31,418	1,313	1,218	(1,299)	32,650	4%
<b>SME loans</b>						
Not overdue	55,047	3,905	1,148	(1,393)	58,706	2%
1 to 30 days overdue	64	460	148	(131)	541	19%
31 to 60 days overdue	–	–	82	(50)	32	61%
61 to 90 days overdue	–	2	211	(144)	69	68%
91 to 180 days overdue	–	–	333	(206)	127	62%
Total SME loans	55,110	4,367	1,922	(1,924)	59,475	3%
<b>Pawnshop loans</b>						
Not overdue	16,754	1,616	137	(48)	18,459	0%
1 to 30 days overdue	122	166	18	(8)	298	3%
31 to 60 days overdue	–	–	17	(5)	13	29%
61 to 90 days overdue	–	–	13	(9)	4	69%
91 to 180 days overdue	–	–	10	(2)	8	20%
Total pawnshop loans	16,876	1,782	195	(72)	18,781	0%
<b>Housing loans</b>						
Not overdue	11,659	322	182	(139)	12,004	1%
1 to 30 days overdue	–	61	44	(64)	41	61%
31 to 60 days overdue	–	–	45	(31)	14	69%
61 to 90 days overdue	–	–	16	(9)	7	56%
91 to 180 days overdue	–	–	45	(25)	20	56%
Total housing loans	11,659	383	332	(268)	12,106	2%
Total loans to customers	521,399	29,065	20,004	(20,757)	549,711	4%

The following tables provide information on the credit quality of loans to customers as at December 31, 2024:

	Gross loans Stage 1 12-month ECL	Gross loans Stage 2 Lifetime ECL – not credit-impaired	Gross loans Stage 3 Lifetime ECL – credit-impaired	ECL	Net loans	ECL allowance to gross loans %
Analysis by product group:						
<b>Micro business loans</b>						
Not overdue	138,921	3,759	1,163	(1,001)	142,842	1%
1 to 30 days overdue	237	896	389	(301)	1,221	20%
31 to 60 days overdue	–	642	225	(175)	692	20%
61 to 90 days overdue	–	403	345	(280)	468	37%
91 to 180 days overdue	–	–	2,144	(1,519)	625	71%
Total micro business loans	139,158	5,700	4,266	(3,276)	145,848	2%
<b>Agricultural loans</b>						
Not overdue	102,007	3,645	1,470	(4,149)	102,973	4%
1 to 30 days overdue	177	479	242	(242)	656	27%
31 to 60 days overdue	–	500	214	(236)	478	33%
61 to 90 days overdue	–	448	276	(326)	398	45%
91 to 180 days overdue	–	–	1,750	(1,242)	508	71%
Total agricultural loans	102,184	5,072	3,952	(6,195)	105,013	6%
<b>Consumer loans</b>						
Not overdue	78,182	2,088	776	(1,405)	79,641	2%
1 to 30 days overdue	84	368	153	(134)	471	22%
31 to 60 days overdue	–	265	106	(140)	231	38%
61 to 90 days overdue	–	144	158	(182)	120	60%
91 to 180 days overdue	–	–	1,004	(714)	290	71%
Total consumer loans	78,266	2,865	2,197	(2,575)	80,753	3%
<b>Auto loans</b>						
Not overdue	47,057	1,916	242	(73)	49,142	0%
1 to 30 days overdue	236	776	120	(11)	1,121	1%
31 to 60 days overdue	–	186	19	(5)	200	2%
61 to 90 days overdue	–	130	43	(10)	163	6%
91 to 180 days overdue	–	–	814	(102)	712	13%
Total auto loans	47,293	3,008	1,238	(201)	51,338	0%
<b>Fast instalment loans</b>						
Not overdue	36,910	752	60	(182)	37,540	0%
1 to 30 days overdue	32	362	14	(17)	391	4%
31 to 60 days overdue	–	236	33	(47)	222	17%
61 to 90 days overdue	–	158	32	(55)	135	29%
91 to 180 days overdue	–	–	748	(474)	274	63%
Total fast instalment loans	36,942	1,508	887	(775)	38,562	2%
<b>SME loans</b>						
Not overdue	44,048	4,384	1,306	(1,656)	48,082	3%
1 to 30 days overdue	28	247	113	(111)	277	29%
31 to 60 days overdue	–	25	55	(45)	35	56%
61 to 90 days overdue	–	18	96	(80)	34	70%
91 to 180 days overdue	–	–	306	(181)	125	59%
Total SME loans	44,076	4,674	1,876	(2,073)	48,553	4%

	Gross loans Stage 1 12-month ECL	Gross loans Stage 2 Lifetime ECL – not credit-impaired	Gross loans Stage 3 Lifetime ECL – credit-impaired	ECL	Net loans	ECL allowance to gross loans %
<b>Pawnshop loans</b>						
Not overdue	15,547	2,016	89	(46)	17,606	0%
1 to 30 days overdue	76	104	9	(4)	185	2%
31 to 60 days overdue	–	–	3	(1)	2	33%
61 to 90 days overdue	–	–	–	–	–	0%
91 to 180 days overdue	–	–	–	–	–	0%
<b>Total pawnshop loans</b>	<b>15,623</b>	<b>2,120</b>	<b>101</b>	<b>(51)</b>	<b>17,793</b>	<b>0%</b>
<b>Housing loans</b>						
Not overdue	11,979	522	129	(196)	12,434	2%
1 to 30 days overdue	23	137	6	(16)	150	10%
31 to 60 days overdue	–	6	–	(1)	5	17%
61 to 90 days overdue	–	–	26	(13)	13	50%
91 to 180 days overdue	–	–	46	(43)	3	93%
<b>Total housing loans</b>	<b>12,002</b>	<b>665</b>	<b>207</b>	<b>(269)</b>	<b>12,605</b>	<b>5%</b>
<b>Total loans to customers</b>	<b>475,544</b>	<b>25,613</b>	<b>14,723</b>	<b>(15,415)</b>	<b>500,465</b>	<b>3%</b>

During the years ended December 31, 2025 and 2024, the Group modified the contractual cash flows on certain loans to customers. All such loans were transferred to at least Stage 2 with a loss allowance measured at an amount equal to lifetime expected credit losses. Therefore, there are no loans with modified contractual cash flows transferred to Stage 1 from Stage 2 or Stage 3.

The table below includes Stage 2 and stage 3 assets that were modified during the period. There was no material modification loss incurred by the group in their respect.

	2025	2024
Total modified loans (gross carrying amount)	25,181	19,364
Cured restructured loans transferred from Stage 2 and Stage 3 to Stage 1 (gross carrying amount)	138	2,159

### CREDIT QUALITY OF NET INVESTMENTS IN LEASES

The following tables provide information on the credit quality of net investments in leases as at December 31, 2025:

	Investments in leases Stage 1 12-month ECL	Investments in leases Stage 2 Lifetime ECL – not credit-impaired	Investments in leases Stage 3 Lifetime ECL – credit-impaired	ECL	Net investments in leases	ECL allowance to investments in leases %
Not overdue	11,939	1,277	751	(249)	13,718	2%
1 to 30 days overdue	336	403	96	(39)	796	5%
31 to 60 days overdue	–	261	366	(111)	516	18%
61 to 90 days overdue	–	108	275	(74)	309	19%
91 to 180 days overdue	–	–	561	(95)	466	17%
Over 180 days overdue	–	–	489	(105)	384	21%
<b>Total investments in leases</b>	<b>12,275</b>	<b>2,049</b>	<b>2,471</b>	<b>(673)</b>	<b>14,320</b>	<b>4%</b>

The following tables provide information on the credit quality of net investments in leases as at December 31, 2024:

	Investments in leases Stage 1 12-month ECL	Investments in leases Stage 2 Lifetime ECL – not credit-impaired	Investments in leases Stage 3 Lifetime ECL – credit-impaired	ECL	Net investments in leases	ECL allowance to investments in leases %
Not overdue	10,802	734	519	(215)	11,840	2%
1 to 30 days overdue	362	194	50	(41)	565	7%
31 to 60 days overdue	–	475	214	(123)	566	18%
61 to 90 days overdue	–	225	251	(40)	436	8%
91 to 180 days overdue	–	–	868	(120)	748	14%
Over 180 days overdue	–	–	219	(54)	165	25%
<b>Total investments in leases</b>	<b>11,164</b>	<b>1,628</b>	<b>2,121</b>	<b>(593)</b>	<b>14,320</b>	<b>4%</b>

#### ANALYSIS OF COLLATERAL AND OTHER CREDIT ENHANCEMENTS

The following table provides the analysis of the loan portfolio, net of impairment:

	December 31, 2025	% of loan portfolio	December 31, 2024	% of loan portfolio
Loans with no collateral	404,293	74%	376,351	75%
Loans with collateral	145,418	26%	124,114	25%
<b>Total</b>	<b>549,711</b>	<b>100%</b>	<b>500,465</b>	<b>100%</b>

	December 31, 2025	December 31, 2025	December 31, 2025	December 31, 2025
Type of collateral	Gross carrying amount	ECL	Carrying amount	Collateral Fair Value
Real estate	61,726	(2,137)	59,589	283,803
Precious metals	14,814	(32)	14,782	17,818
Movable property	71,684	(638)	71,046	145,874
Non-collateralized	422,244	(17,950)	404,294	–
<b>Total</b>	<b>570,468</b>	<b>(20,757)</b>	<b>549,711</b>	<b>447,495</b>

	December 31, 2024	December 31, 2024	December 31, 2024	December 31, 2024
Type of collateral	Gross carrying amount	ECL	Carrying amount	Collateral Fair Value
Real estate	57,540	(2,727)	54,813	257,958
Precious metals	12,545	(16)	12,529	21,054
Movable property	57,030	(258)	56,772	116,741
Non-collateralized	388,765	(12,414)	376,351	–
<b>Total</b>	<b>515,880</b>	<b>(15,415)</b>	<b>500,465</b>	<b>395,753</b>

Loans with collateral are mainly secured by real estate, movable property and precious metals. In addition, the majority of the loans are collateralized by sureties. Secured loans are mainly included in the pawn shop, service, trade and agricultural loan categories.

Stage 3 loans are mostly collateralized by real estate, however a certain part of portfolio is not secured.

The table below presents the Stage 3 loan portfolio as at 2025 and 2024, by type of collateral.

	December 31, 2025	December 31, 2025	December 31, 2025	December 31, 2025
Type of collateral	Gross carrying amount	ECL	Carrying amount	Collateral Fair Value
Real estate	2,090	(1,546)	544	9,138
Precious metals	124	(31)	93	140
Movable property	1,935	(473)	1,462	4,228
Non-collateralized	15,858	(12,720)	3,138	-
<b>Total</b>	<b>20,007</b>	<b>(14,770)</b>	<b>5,237</b>	<b>13,506</b>

	December 31, 2024	December 31, 2024	December 31, 2024	December 31, 2024
Type of collateral	Gross carrying amount	ECL	Carrying amount	Collateral Fair Value
Real estate	2,422	(1,919)	503	9,365
Precious metals	47	(15)	32	53
Movable property	1,265	(155)	1,110	2,381
Non-collateralized	10,989	(7,906)	3,083	-
<b>Total</b>	<b>14,723</b>	<b>(9,995)</b>	<b>4,728</b>	<b>11,799</b>

Management estimates that the fair value of collateral estimated at the inception of the loans is at least equal to the carrying amounts of corresponding secured loans as at December 31, 2025 and 2024, excluding the effect of overcollateralization. Due to the low loan-to-value ratio, the management does not expect any possible negative movements in market prices to have a significant impact on recoverability of the loans.

Sureties received from individuals are not considered for impairment assessment purposes. Accordingly, such loans and unsecured portions of partially secured exposures are presented as loans without collateral.

Reposessed assets are presented in other assets. Refer to Note 18.

## MARKET RISK

Market risk comprises currency risk and interest rate risks. Market risk for the Group arises from open positions in interest rates, which are exposed to general and specific market movements, and changes in the level of foreign currency rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

Overall authority for market risk is vested in the ALCO. The Group manages its market risk by setting specific limits covering both internal and external requirements set by the NBG.

## INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cashflows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur. The losses might occur when there is a structural difference between interest rate sensitive assets and liabilities on different layers, including maturities, interest rate types and currencies.

Following its transformation into a microbank, the Group's interest rate risk is governed by the Interest Rate Risk Management Policy and Internal Capital Adequacy Assessment Process (ICAAP). The policies cover both external requirements established by the NBG for microbanks and internal metrics. The policies are reviewed by the ALCO and approved by the Supervisory Board.

### Interest rate gap analysis

Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the interest gap position is presented by the lower of interest rate receipt date or maturity date of financial instruments:

	Less than 3 months	3-6 months	6-12 months	1-5 Years	More than 5 years	Non-interest bearing	Carrying amount
<i>December 31, 2025</i>							
<b>ASSETS</b>							
Cash and cash equivalents	26,218	–	–	–	–	30,915	57,133
Amounts due from credit institutions	–	–	192	193	–	–	385
Loans to customers	104,373	66,910	122,749	251,634	4,045	–	549,711
Net investments in leases	2,898	2,897	5,794	4,600	–	–	16,189
Other financial assets	–	–	–	–	–	2,888	2,888
	<b>133,489</b>	<b>69,807</b>	<b>128,735</b>	<b>256,427</b>	<b>4,045</b>	<b>33,803</b>	<b>626,306</b>
<b>LIABILITIES</b>							
Financial liabilities at fair value through profit or loss	5,652	3,360	3,268	522	–	–	12,802
Customer Accounts	19,534	4,970	7,203	1,390	–	–	33,097
Lease liability	953	915	2,139	10,130	1,624	–	15,761
Promissory notes	13,828	7,419	33,980	4,476	–	–	59,703
Borrowed funds	50,283	71,891	61,805	210,800	–	–	394,779
Subordinated debt	618	168	4,028	26,563	9,426	–	40,803
Other liabilities	–	–	–	–	–	6,420	6,420
	<b>90,868</b>	<b>88,723</b>	<b>112,423</b>	<b>253,881</b>	<b>11,050</b>	<b>6,420</b>	<b>563,365</b>
Interest sensitivity gap	42,621	(18,916)	16,312	2,546	(7,005)	27,383	
Cumulative interest sensitivity gap	42,621	23,705	40,017	42,563	35,558	62,941	

	Less than 3 months	3-6 months	6-12 months	1-5 Years	More than 5 years	Non-interest bearing	Carrying amount
<i>December 31, 2024</i>							
<b>ASSETS</b>							
Cash and cash equivalents	5,827	–	–	–	–	18,859	24,686
Financial assets at fair value through profit or loss	472	403	–	3,628	–	–	4,503
Loans to customers	98,548	63,652	116,262	219,404	2,599	–	500,465
Net investments in leases	2,573	2,574	5,148	4,025	–	–	14,320
Other financial assets	–	–	–	–	–	3,454	3,454
	<b>107,420</b>	<b>66,629</b>	<b>121,410</b>	<b>227,057</b>	<b>2,599</b>	<b>22,313</b>	<b>547,428</b>
<b>LIABILITIES</b>							
Promissory notes	4,297	2,828	5,479	846	–	–	13,450
Debt securities issued	26,297	–	–	–	–	–	26,297
Borrowed funds	207,395	3,466	22,072	155,175	–	–	388,108
Subordinated debt	5,893	2,942	2,788	11,708	–	–	23,331
Lease liability	1,263	898	1,842	7,744	652	–	12,399
Other financial liabilities	–	–	–	–	–	15,139	15,139
	<b>245,145</b>	<b>10,134</b>	<b>32,181</b>	<b>175,473</b>	<b>652</b>	<b>15,139</b>	<b>478,724</b>
Interest sensitivity gap	(137,725)	56,495	89,229	51,584	1,947	7,174	
Cumulative interest sensitivity gap	(137,725)	(81,230)	7,999	59,583	61,530	68,704	

#### AVERAGE EFFECTIVE INTEREST RATES

The table below displays average effective interest rates for interest-bearing assets and liabilities as at 31 December 2025 and 2024. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2025			2024		
	Average effective interest rate, %			Average effective interest rate, %		
	GEL	USD	EUR	GEL	USD	EUR
<b>Interest bearing assets</b>						
Cash and cash equivalents	6.25%	2.75%	0.63%	5.47%	1.00%	–
Amounts due from credit institutions	8.88%	–	–	–	–	–
Loans to customers	35.82%	19.32%	–	35.77%	19.88%	–
Net investments in leases	36.93%	–	–	39.72%	–	–
<b>Interest bearing liabilities</b>						
Customer Accounts	12.35%	5.99%	4.35%	–	–	–
Promissory notes	13.47%	6.13%	4.38%	13.36%	5.93%	4.50%
Debt securities issued	–	–	–	13.46%	–	–
Borrowed funds	12.27%	7.17%	6.48%	12.68%	7.58%	6.84%
Subordinated debt	–	9.77%	8.35%	–	9.79%	–

#### INTEREST RATE SENSITIVITY ANALYSIS

The management of interest rate risk, based on an interest rate gap analysis, is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of the sensitivity of net profit to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2025 and 2024, is as follows:

	2025	2024
100 bp parallel fall	(316)	503
100 bp parallel rise	316	(503)

Part of the Group's borrowings are at floating rates, linked to NBG refinance, TIBR and SOFR rates while the large portion of loan portfolio is issued with fixed interest rate. Loan rates can be changed upon renewal of the loans. Therefore, Group aims to obtain preferably fixed rate debt funding to reduce the risk of repricing from the funding side.

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial liabilities held at 31 December:

Currency	2025	2024
GEL (+1%/-1%)	1,640 / (1,640)	2,194 / (2,194)
USD (+1%/-1%)	350 / (350)	84 / (84)

### CURRENCY RISK

The Group has assets and liabilities denominated in several foreign currencies.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Although the Group hedges its exposure to currency risk through the use of back to back loans which are classified as derivatives (see Note 12)

Following its transformation into a microbank, the Group's currency rate risk is governed by the Foreign Currency Risk Management Policy and Internal Capital Adequacy Assessment Process (ICAAP). The policies cover both external requirements established by the NBG for microbanks and internal metrics. The policies are reviewed by the ALCO and approved by the Supervisory Board.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at December 31, 2025:

	EUR	USD	Other	Total
<b>ASSETS</b>				
Cash and cash equivalents	11,610	14,098	1,757	27,465
Amounts due from credit institutions	–	377	–	377
Loans to customers	–	44	–	44
Other financial assets	324	33	–	357
Total assets	11,934	14,552	1,757	28,243
<b>LIABILITIES</b>				
Customer Accounts	1,069	9,898	–	10,967
Promissory notes	768	17,558	–	18,326
Borrowed funds	32,036	194,724	–	226,760
Subordinated debt	13,558	27,245	–	40,803
Lease liability	–	14,366	–	14,366
Other financial liabilities	73	14	–	87
Total liabilities	47,504	263,805	–	311,309
Net position	(35,570)	(249,253)	1,757	(283,066)
The effect of derivatives held for risk management	35,355	250,226	(1,764)	283,817
Net position after derivatives held for risk management purposes	(215)	973	(7)	751

The following table shows the foreign currency exposure structure of financial assets and liabilities as at December 31, 2024:

	EUR	USD	Other	Total
<b>ASSETS</b>				
Cash and cash equivalents	3,564	3,740	768	8,072
Loans to customers	–	47	–	47
Other financial assets	5	115	–	120
Total assets	3,569	3,902	768	8,239
<b>LIABILITIES</b>				
Promissory notes	297	4,912	–	5,209
Borrowed funds	32,421	159,132	–	191,553
Subordinated debt	–	23,331	–	23,331
Lease liability	–	10,259	–	10,259
Other financial liabilities	6	120	–	126
Total liabilities	32,724	197,754	–	230,478
Net position	(29,155)	(193,852)	768	(222,239)
The effect of derivatives held for risk management	30,156	196,826	(563)	226,419
Net position after derivatives held for risk management purposes	1,001	2,974	205	4,180

A weakening of the GEL, as indicated below, against the following currencies at 31 December 2025 and 2024, would have increased (decreased) profit or loss by the amounts shown below. This analysis is on a net-of-tax basis, and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular - interest rates, remain constant.

	2025	2024
10% appreciation of USD against GEL	78	238
10% appreciation of EUR against GEL	(17)	80

A strengthening of the GEL against the above currencies at December 31, 2025 and 2024 would have had the equal opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its current and future financial liabilities. Liquidity risk arises from mismatches in the timing and amounts of cashflows. Liquidity risk includes funding risk, when there are difficulties to obtain long-term funding.

Following its transformation into a microbank, the Group's capital is governed by the Liquidity Risk Management Policy and Internal Liquidity Adequacy Assessment Process (ILAAP). The policies cover both external requirements established by the NBG for microbanks and internal metrics. The liquidity policy is reviewed by the ALCO and approved by the Supervisory Board.

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; and
- Maintaining liquidity and funding contingency plans.

The Risk Directorate and the ALCO are responsible for liquidity risk management with the engagement of the Treasury Department and the Funding and Investor Relations Department.

The Group defines certain limits and early indicators to monitor its liquidity, predict and detect potential issues and act upon them in a timely manner. The Group complies with the LCR and NSFR requirements in accordance with the National Bank of Georgia requirements. In addition, the Group monitors internally set indicators which consist of interbank market dependence ratio, 3-months liquidity horizon, and deposit concentration indicator.

The purpose of the LCR is to own liquid assets that will be sufficient to cover the total net cash outflow in times of financial stress. This requires to maintain an adequate liquidity supply that will allow to cope with the expected difference between the inflow and outflow of liquid funds under a 30-day stress.

The purpose of the NSFR is to maintain a stable funding profile in relation to the composition of the 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.

Interbank market dependence ratio limits excessive dependence on interbank market, while deposit concentration indicator limits dependence on large depositors. 3-months liquidity horizon shows how much the existing liquid assets are sufficient to cover the outflows planned for the next three months considering contractual inflows. 3 months are considered as a survival period.

On operational liquidity level, the Treasury is responsible for keeping sufficient amounts in all relevant currencies on a daily basis.

The following tables show the undiscounted cash flows on financial liabilities and on the basis of their earliest possible contractual maturity. The total gross inflow and outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial liabilities



The maturity analysis for financial liabilities as at December 31, 2025 is as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
<b>Financial liabilities</b>							
Customer Accounts	14,095	5,626	5,135	7,502	1,501	33,859	33,097
Promissory notes	3,507	11,341	8,135	37,835	4,805	65,623	59,703
Borrowed funds	2,816	58,675	80,838	75,043	236,853	454,225	394,779
Subordinated debt	3,507	11,341	8,135	37,835	4,805	65,623	40,803
Lease liability	338	707	1,011	2,331	12,820	17,207	15,761
Other financial liabilities	1,510	3,604	–	625	681	6,420	6,420
Undrawn loan commitments	2,436	–	–	–	–	2,436	2,436
<b>Total financial liabilities</b>	<b>28,209</b>	<b>91,294</b>	<b>103,254</b>	<b>161,171</b>	<b>261,465</b>	<b>645,393</b>	<b>552,999</b>

The maturity analysis for financial liabilities as at December 31, 2024 is as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
<b>Financial liabilities</b>							
Promissory notes	1,036	3,328	2,912	5,553	846	13,675	13,450
Debt securities issued	–	28,342	–	–	–	28,342	26,297
Borrowed funds	2,567	29,398	41,168	108,744	247,502	429,379	388,108
Subordinated debt	142	175	154	3,747	25,070	29,288	23,331
Lease liability	379	765	1,153	2,286	9,812	14,395	12,399
Other financial liabilities	11,011	94	–	3,490	544	15,139	15,139
Undrawn loan commitments	2,100	–	–	–	–	2,100	2,100
<b>Total financial liabilities</b>	<b>17,235</b>	<b>62,102</b>	<b>45,387</b>	<b>123,820</b>	<b>283,774</b>	<b>532,318</b>	<b>480,824</b>

The table below shows an analysis, by expected maturities, of amounts recognised in the consolidated statement of financial position as at December 31, 2025:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Overdue	Total
<b>ASSETS</b>							
Cash and cash equivalents	57,133	–	–	–	–	–	57,133
Amounts due from credit institutions	–	–	193	192	–	–	385
Loans to customers	50,527	49,058	189,660	251,633	4,045	4,788	549,711
Net investments in leases	447	1,108	5,205	9,050	1	378	16,189
Other financial assets	1,012	18	473	1,351	–	34	2,888
<b>Total assets</b>	<b>109,119</b>	<b>50,184</b>	<b>195,531</b>	<b>262,226</b>	<b>4,046</b>	<b>5,200</b>	<b>626,306</b>

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Overdue	Total
<b>LIABILITIES</b>							
Financial liabilities at fair value through profit or loss	(172)	5,824	6,628	522	–	–	12,802
Customer accounts	14,033	5,501	12,173	1,390	–	–	33,097
Promissory notes	3,209	10,619	41,400	4,475	–	–	59,703
Borrowed funds	954	49,330	133,696	210,799	–	–	394,779
Subordinated debt	465	154	4,196	26,562	9,426	–	40,803
Lease liability	308	646	3,055	10,128	1,624	–	15,761
Other financial liabilities	1,510	3,604	625	681	–	–	6,420
<b>Total liabilities</b>	<b>20,307</b>	<b>75,678</b>	<b>201,773</b>	<b>254,557</b>	<b>11,050</b>	<b>–</b>	<b>563,365</b>
<b>Net position</b>	<b>88,812</b>	<b>(25,494)</b>	<b>(6,242)</b>	<b>7,669</b>	<b>(7,004)</b>	<b>5,200</b>	<b>62,941</b>

The table below shows an analysis, by expected maturities, of amounts recognised in the consolidated statement of financial position as at December 31, 2024:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Overdue	Total
<b>ASSETS</b>							
Cash and cash equivalents	24,686	–	–	–	–	–	24,686
Financial assets at fair value through profit or loss	453	19	403	3,628	–	–	4,503
Loans to customers	43,560	44,784	179,914	219,404	2,599	10,204	500,465
Net investments in leases	858	1,716	7,201	4,025	–	520	14,320
Other financial assets	1,391	17	164	1,846	–	36	3,454
<b>Total assets</b>	<b>70,948</b>	<b>46,536</b>	<b>187,682</b>	<b>228,903</b>	<b>2,599</b>	<b>10,760</b>	<b>547,428</b>
<b>LIABILITIES</b>							
Promissory notes	1,036	3,261	8,307	846	–	–	13,450
Debt securities issued	–	26,297	–	–	–	–	26,297
Borrowed funds	2,566	28,827	132,415	224,300	–	–	388,108
Subordinated debt	142	175	2,942	15,890	4,182	–	23,331
Lease liability	597	666	2,740	7,744	652	–	12,399
Other financial liabilities	11,011	94	3,490	544	–	–	15,139
<b>Total liabilities</b>	<b>15,352</b>	<b>59,320</b>	<b>149,894</b>	<b>249,324</b>	<b>4,834</b>	<b>–</b>	<b>478,724</b>
<b>Net position</b>	<b>55,596</b>	<b>(12,784)</b>	<b>37,788</b>	<b>(20,421)</b>	<b>(2,235)</b>	<b>10,760</b>	<b>68,704</b>

### GEOGRAPHICAL RISK

As at December 31, 2025 and 2024 the Group's all financial assets are located in Georgia and its business plans are critically dependent on the stability and rule of law in the country. Georgia continues to display certain characteristics of an emerging market. As such, the Group is exposed to any deterioration of the business or legal environment within the country.

## **31. Subsequent events**

The Group has received the following funding subsequent to the reporting period:

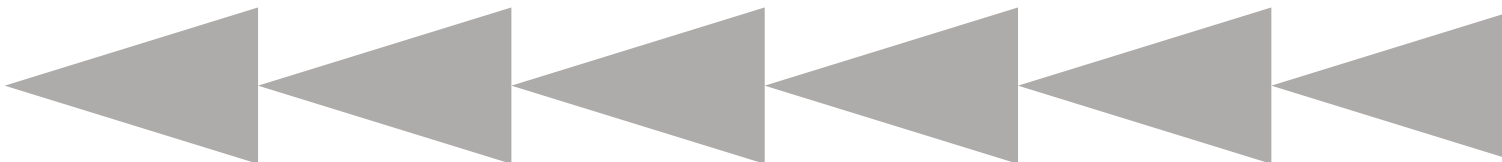
Borrowed funds of GEL 43,793 thousand from different international financial institutions;

Multiple promissory notes amounting to GEL 5,070 thousand and USD 5,007 thousand from local physical individuals and legal entities.

No dividends have been declared by the Bank after the reporting date.

Subsequent to the reporting date, changes occurred in the distribution of shareholdings among individual shareholders of the Bank. These changes did not result in a change of control and did not have a material impact on the Bank's financial position or operations.

Management has assessed subsequent events up to the date of authorization of these financial statements and concluded that, except as disclosed above, there are no other events that require disclosure in accordance with IAS 10.



# Annex





Photo:Tbilisi Gallery

# A list of Abbreviations:

<b>ACCA</b>	Association of Chartered Certified Accountants	<b>JSC</b>	Joint Stock Company
<b>ADB</b>	Asian Development Bank	<b>LMS</b>	Loan Management System
<b>AFD</b>	Agence Française de Développement	<b>MPR</b>	Monetary Policy Rate
<b>ALCO</b>	Assets and Liabilities Committee	<b>MSME</b>	Micro, Small and Medium Enterprises
<b>AML</b>	Anti-money laundering	<b>NPL</b>	Non-Performing Loans
<b>BARTA</b>	Best Annual Report and Transparency Competition	<b>PAR</b>	Portfolio at Risk
<b>BCP</b>	Business Continuity Plan	<b>PP</b>	Percentage Point
<b>BIC</b>	Bank Identifier Code	<b>ROA</b>	Return on Assets
<b>CA</b>	Current Account	<b>ROE</b>	Return on Equity
<b>CAR</b>	Capital Adequacy Ratio	<b>SB</b>	Supervisory Board
<b>CHCA</b>	Charity Humanitarian Centre Abkhazeti	<b>SID</b>	Senior Independent Director
<b>EBRD</b>	European Bank for Reconstruction and Development	<b>SMS</b>	Short Messaging Service
<b>E&amp;S</b>	Environmental and social	<b>SWIFT</b>	Society for Worldwide Interbank Financial Telecommunication
<b>ESG</b>	Environmental Social and Governance	<b>USD</b>	United States Dollar
<b>FDI</b>	Foreign Direct Investment	<b>USAID</b>	United States Agency for International Development
<b>GDP</b>	Gross Domestic Product	<b>YoY</b>	Year-over-year
<b>GEL</b>	Georgian Lari		
<b>IFRS</b>	International Financial Reporting Standards		

