MBC MICRO BANK

ANNUAL REPORT

2025

Nexia

Opinion Prepared in Accordance with the Requirements of Article 7, Paragraph 10 of the Law of Georgia on Accounting, Reporting and Auditing (the "Law")

To the Shareholders and the Supervisory Board of JSC "Micro bank MBC":

We audited the financial statements of JSC "Micro bank MBC" (hereinafter "Micro bank") for the year ended 31 December 2025 and expressed an unmodified opinion in our auditor's report dated 31 March 2026. The audited financial statements do not reflect the effects of events that occurred after 31 March 2026. We have not audited any events reported in the Micro bank's management report that occurred after the date of our auditor's report on the financial statements.

Other Information - Management Report

Management is responsible for the other information. The other information comprises the information included in the Micro bank's management report and excludes the financial statements and our auditor's report thereon.

Our opinion on the financial statements did not cover the other information mentioned above, and we did not express any form of assurance conclusion thereon in our auditor's report dated 31 March 2026. The management report was made available to us after we issued our auditor's report on the financial statements.

Our responsibility is to read the aforementioned other information and, in doing so, consider whether the other information is materially consistent with the financial statements and complies with the requirements of the Law, or otherwise appears to be materially misstated based on the knowledge obtained by us in the course of the audit.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Report on Legal and Regulatory Requirements

In our opinion, in all material respects, the information presented in the Micro bank's management report:

- is consistent with the Micro bank's financial statements for the year ended 31 December 2025, and
- includes the information required under Article 7 of the Law of Georgia on Accounting, Reporting and Auditing and complies with the relevant regulatory requirements.

Ana Gabedava, Engagement Partner (SARAS-A-518332)

Nexia Georgia LLC (SARAS-F-550338)

15 May 2026

Tbilisi, Georgia



Statement of the Responsible Persons of JSC Microbank "MBC"

In accordance with the Law of Georgia „On Securities Market" and Order №181/04 of the President of the National Bank of Georgia dated October 7, 2020, on the „Approval of the Rule on Transparency of Information about an Issuer and the Appointment of a Securities Registrar by an Issuer", we hereby present the annual report of JSC Microbank "MBC" (I/C: 404967078), which includes the audited individual financial statements and the individual management report as at December 31, 2025.

We hereby confirm that:

I. The financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as at December 31, 2025, fully, accurately and fairly present the entity's assets, liabilities, income and expenses, financial position, profit or loss, and cash flows;

II. The management report, as at December 31, 2025, provides a fair and comprehensive review of the entity's business development, performance and position, as well as a description of its principal risks and uncertainties.

Chairman of Supervisory Board **Murman Ambroladze**

General Director **Gia Petriashvili**

JSC microbank MBC
Address: Georgia, Tbilisi, Isani District, Ketevan Dedopali Avenue #68, 1st Floor, Office Space #2
ID: 404967078; Tel.: (+995 32) 2 50 50 02; E-mail: info@mbc.com.ge
www.mbcbank.ge

CONTENTS

01 OVERVIEW AND STRATEGIC VISION

1. Chairman's Letter 5
2. CEO Letter 7
3. Key Financial and Operatonal Indicators 10

02 ABOUT US

4. MBC's Mission 12
5. Microbank Transformation Process 14
6. Refreshed Brand and Marketing Positioning 17
7. Our Team 20
8. Human Capital Management 23
9. Our Customers 33
10. Customer Experience Management 37
11. Corporate Sustainability 40

03 MARKET OVERVIEW

12. Macroeconomic Overview 45
13. Market Overview 53

04 BUSINESS OVERVIEW

14. Business Model and Strategy 58
15. Overview of Core Results 63
16. Investor Relations and Financing 66
17. Digital Transformation and Innovations 69

05 PRINCIPAL RISKS AND UNCERTAINTIES

18. Key Risks and Uncertainties 72
19. Risk Management Framework 75
20. Risk Management Structure and Key Principles 78

06 GOVERNANCE

21. Corporate Governance 82
22. Members of Supervisory Board 86
23. Members of a Board of Directors 89
24. Supervisory Board and Shareholder Meeting Matters 92
25. Audit Committee 97
26. Risk Management Committee 100
27. Product Development Committee 103
28. Information Technology Committee 106

07 FINANCIAL STATEMENTS

1. Independent Auditors' Report 110
2. Statement of Financial Position 112
3. Statement of Profit or Loss and Other Comprehensive Income 113
4. Statement of Changes in Equity 114
5. Statement of Cash Flows 115
6. Notes to the Financial Statements 116

CHAIRMAN'S LETTER

2 CHAIRMAN'S LETTER



Dear Shareholders, Partners, and Employees,

It is a great honor and, at the same time, an immense responsibility for me to address you from the position of the Chairman of the Supervisory Board. In this highly responsible mission, I replaced my colleague, Taras Nizharadze, under whose leadership the organization achieved the historic status of a microbank. Passing the torch of the Board's chairmanship in 2025 – the first year of MBC's operation as a microbank – represents a particular challenge, as it is precisely now that the foundation is being laid for a completely new stage of MBC's development.

Despite the operational difficulties associated with the change in status, 2025 proved to be fruitful for MBC. The right obtained through the license to expand our credit limit up to 1 million GEL allowed us, on one hand, to enter the large corporate lending market, and on the other hand, to retain those growing business clients whose financial needs exceeded 100,000 GEL. This combination of factors drove an unprecedented 28% growth in the loan portfolio over recent years.

In parallel with this growth in assets, the company effectively managed its funding sources as well. As a result of the increase in attracted funds, MBC's total liabilities in 2025 showed a 25% growth and exceeded 165 million GEL. The company successfully managed to attract new resources at improved prices, both in foreign and national currencies. Particularly noteworthy in this direction is the successful issuance of 60 million GEL worth of bonds. It is significant that within this issuance, the Pension Agency of Georgia and the insurance company "Imedi L" joined MBC's ranks of investors.

It is worth noting that according to the assessments of the rating company Scope Ratings, MBC consistently confirms its financial stability in compliance with international standards, which is directly reflected both in the successful placement of bonds and in the mobilization of additional financial resources from international partners.

A high standard of international trust is underpinned by the continuous improvement of internal governance systems. In 2025, an important change was implemented in the organizational structure – the Risk Management Committee of the Supervisory Board was established. It works in close coordination with the Audit Committee, which ensures swift information exchange and improvement of the risk identification process.

The new committee oversees the effective management of the risk management framework and ensures operations remain within established risk tolerance levels. It plays a decisive role in maintaining the organization's sustainability, which includes risk identification, assessment, and continuous monitoring of measures implemented by management.

This process of institutional development and every achieved result is the merit of our team's joint efforts. I would like to express special gratitude to our employees, partners, and shareholders for their unwavering support. As the Chairman of the Supervisory Board, I am ready to realize MBC's strategic goals together with this team, so that we can contribute our share to the development of a healthy and competitive financial environment in the country.

Sincerely,

Murman Ambroladze

Chairman of the Supervisory Board

CEO LETTER

2 CEO LETTER



Dear Shareholders, Partners, and Employees,

I am pleased to present MBC's annual report for 2025. The past year was uniquely significant for the company. If we marked 2024 by obtaining the first microbank license in Georgia, 2025 was the first year of the practical realization and real transformation of this status.

Naturally, the transformation process is associated with many complex challenges, but we perceive each obstacle as an opportunity to gain new experience and grow. Despite the difficulties, we concluded 2025 with many significant achievements, which once again confirms the professionalism of our team and the correctness of our chosen strategy.

Today we look to the future with confidence, as we have a clear vision and a solid foundation to establish MBC as a financial institution of even higher standards.

MBC TODAY – FINANCIAL GROWTH AND STABILITY

MBC moved to a new stage of development with strong financial indicators. In 2025, the company's total assets increased by 33% and amounted to 193.5 million GEL, while the loan portfolio grew by 28% and reached 153 million GEL. Along with this, a significant growth was recorded in net profit and Return on Equity (ROE) indicators, which confirms the efficiency of our business model and financial stability.

Today, MBC operates with 18 service centers and a team of nearly 300 members, and since its inception, the company has served up to 220,000 customers. The strategic focus remains on financing micro, small, and medium-sized businesses, which is one of the main pillars of the country's economic strength.

TRUST ON A LOCAL AND INTERNATIONAL SCALE

MBC has established itself as one of the healthiest players in the capital market. This is evidenced by the issuance of bonds worth 60 million GEL. Particularly noteworthy is that this issuance was carried out within the framework of the "Produce in Georgia" program, which points to its high significance.

Throughout the past year, the company attracted a total of 114 million GEL in financial resources, out of which international investments accounted for 54 million GEL. The ultimate recognition of our transparency and reliability is the fact that MBC became the first and only microbank whose investor is the Pension Agency of Georgia. This step once again confirms that our organization represents a highly qualified and stable partner for investors.

TRANSFORMATION INTO A MICROBANK AND CHALLENGES

In relation to the new status, in 2025 we successfully implemented the first stage of rebranding – a new visual identity was created, and it was defined at the strategic level that MBC is a human-centric (Customer Centric) organization. To this end, Customer Experience (CX) Management Department was added to the structure.

Naturally, the transition to the new status was accompanied by many challenges, especially in the process of implementing new banking products. However, I believe that the professionalism of our team is a guarantee for successfully overcoming these difficulties.

Last year, we began opening accounts for customers and launched deposits, which is a major step forward toward diversifying our funding sources. The pilot phase allowed us to test internal systems and processes, which creates a solid foundation for the active growth of the deposit portfolio and market positioning in 2026.

Currently, we are also actively working on expanding the portfolio of other banking products, where our main strategic priority is digital accessibility and security. This is evidenced by the already implemented modern cyber technologies and the active phase of online banking development, which will offer customers a seamless remote service.

2 CEO LETTER

OTHER SIGNIFICANT EVENTS OF 2025

I am pleased that for the fifth consecutive time, MBC became the winner of BARTA 2025 for the best annual report and transparency. Additionally, we received a special award for supporting women's economic empowerment, which once again underscores our values.

Here, I must definitely note that for us, as a responsible financial institution, the integration of ESG principles both in internal processes and outside the company is of particular importance. We believe that sustainable development is not just corporate responsibility, but the foundation for long-term success and competitiveness. We are firmly determined to respond to the modern challenges of the world through an integrated approach and create value for all stakeholders.

FUTURE VISION

The year 2026 will be no less ambitious. Our main challenge will be the effective implementation of new banking products and the perfection of the digital ecosystem. We plan a complete update of the branches' interior and service concepts, so that our customers can truly feel the high standard that the microbank status implies.

I would like to thank each employee for the loyalty and effort shown on this difficult yet interesting journey. Thank you to our shareholders, partners, and customers for their trust. I believe that with joint efforts, MBC will continue to grow as an innovative and human-centric financial institution.

Sincerely,

Gia Petriashvili

Chief Executive Officer

KEY FINANCIAL AND OPERATONAL INDICATORS

3 KEY FINANCIAL AND OPERATONAL INDICATORS

₾193.5 MILLION

TOTAL ASSETS

+33%

₾153 MILLION

TOTAL LOANS

+28%

₾ 28.6 MILLION

TOTAL CAPITAL

+23%

₾ 5.5 MILLION

NET PROFIT

+57%

19.2%

ROE

+28%

2.84%

ROA

+18%

₾114 MILLION

FUNDS BORROWED FROM FINANCIAL INSTITUTIONS

+16%

17

NUMBER OF FINANCIAL INSTITUTIONS

+31%

18

NUMBER OF BRANCHES

290

NUMBER OF EMPLOYEES

56.433

NUMBER OF CUSTOMERS

CUSTOMER SATISFACTION INDEX

85%

CUSTOMER LOYALITY INDEX

86%

MBC'S MISSION

4 MBC'S MISSION



After 12 years of successful operation in the market, MBC became the first microbank in Georgia. With the license received on December 5, 2024, the company laid the foundation for the development of a new type of financial institution in the country. The year 2025 was the first year of practical realization of this status for the organization.

MBC moved to a new stage of development with strong financial indicators. In 2025, the company's total assets increased by 33% and amounted to 193.5 million GEL, which was accompanied by a significant increase in terms of net profit. The high efficiency and financial stability of the organization are further confirmed by the sharp growth in the Return on Equity (ROE) indicator.

Represented across Georgia with 18 service centers and a team of nearly 300 members, MBC successfully executes its strategic focus on financing micro, small, and medium-sized businesses. The company holds a loan portfolio of 153 million GEL and has served up to 220,000 customers since its inception. Noteworthy is the increase in the number of international investments and partners – by the end of 2025, MBC's foreign investments reached 54 million GEL.

At the end of 2025, in terms of funding diversification, MBC introduced deposits to the market. In 2026, the company plans active development in this direction.

MBC is one of the healthiest and most reliable players in the capital market, as evidenced by the B+ rating maintained by Scope Ratings and bond issuances worth 60 million GEL. It is worth noting that MBC's issuance was carried out within the framework of the "Produce in Georgia" program, which points to its high significance. Furthermore, today MBC is the only microbank whose investor is the Pension Agency of Georgia, which serves as a recognition of the organization's transparency and reliability.

Along with the new status, in 2025 MBC successfully implemented the first stage of rebranding – a new brand code and visual identity were created. In addition, Customer Experience (CX) Management Department was added to the company's structure, and it was defined at the strategic level that MBC is a human-centric organization. The next stage of transformation, in 2026, involves the full implementation of the renewed brand code, as well as a complete update of the branches' interior and service concepts.

Digital transformation remains an important priority for MBC. In 2025, active steps were taken toward technological sustainability – for the security of users' personal data, modern cyber technologies were implemented. The development of online banking is in an active phase, which will offer customers remote services by the end of 2026. In parallel with the process of opening current accounts launched in 2025, the company is actively working on the implementation of other banking products.

MBC became the winner of the Best Annual Report and Transparency Award (BARTA 2025). Additionally, the company received a special award for supporting women's economic empowerment and was a supporter of the exhibition of women entrepreneurs' products. MBC continues to integrate ESG standards at all levels of management.

FUTURE VISION

MBC's main challenge will be the effective implementation of new banking products and the gradual perfection of the digital ecosystem.

MICROBANK TRANSFORMATION PROCESS

5 MICROBANK TRANSFORMATION PROCESS



The year 2025 was a period of fundamental transformation for MBC. It is important to note that the transformation was not local in nature – the change comprehensively affected every link of the organization: structural setup, products, IT technologies, brand, and most importantly, human capital.

WHY A MICROBANK?

MBC's decision on microbank transformation is directly linked to the company's desire to maximally satisfy customer needs and have the capability to offer them all necessary financial products in a single space. Obtaining the license allowed the company to increase lending limits and implement services such as current accounts, cards, deposits, and more.

INNOVATIONS IN PRODUCTS

In 2025, MBC's lending limit was gradually increased from 100,000 to 300,000 GEL, and the process of opening accounts for customers began. Additionally, the microbank status gave the company access to deposit mobilization instruments, which was launched at the end of the reporting year and generated up to 3 million GEL in the portfolio.

STRUCTURAL AND GOVERNANCE CHANGES

To implement high banking standards, important reforms were carried out at the corporate governance level. Within the Supervisory Board, Risk Committee was created, and collegial bodies – the Product Development Committee and the IT Committee – were also established. These structures ensure the operational management of priority areas and the timely delivery of strategic decisions.

The changes also affected service centers. In order to improve service quality and customer experience, an operator position was created in service centers, which significantly reduced service time. At the same time, the regional management direction was strengthened, allowing the company to resolve priority issues locally, much more operationally, and respond instantly to regional challenges.

Furthermore, within the framework of operating with the microbank status, the company decided to elevate customer satisfaction and experience to a qualitatively new level. This is precisely why the Customer Experience (CX) Management direction was defined as a strategic priority and established within the company.

DIGITAL CHALLENGES AND TECHNOLOGICAL SUSTAINABILITY

Digitalization is a strategic priority of MBC's transformation. In 2025, the company began active work on forming a technological ecosystem that will offer customers a completely digital experience. To this end, a significant strengthening of the IT team took place, and the integration of AI systems into work processes began.

Priority directions of technological transformation include: launching the development of online banking and email banking projects; developing a policy to extend digital scoring implementation in agricultural products to other products; bringing

5 MICROBANK TRANSFORMATION PROCESS

core-banking systems into full compliance with new business needs; ensuring maximum security of information assets and preventing cyber risks.

BRANDING AS AN INSTRUMENT OF INTERNAL AND EXTERNAL TRANSFORMATION

The transition from a microfinance organization to microbank status naturally implies the necessity of establishing oneself in a new competitive environment, which logically demands the implementation of new banking products and services, and the acquisition of new segments. In parallel, a large-scale internal transformation is underway in the company, which includes structural changes, optimization of business processes, and the renewal of corporate culture. Since the new status raised completely different requirements before the company, the goal of rebranding was also to bring the existing identity and strategic objectives into full alignment with each other.

Within this process, a renewed brand code and visual identity were created, emphasizing MBC's image as a human-centric organization. At the same time, HR branding was defined as a crucial part of the rebranding strategy, because any fundamental change starts from within, from the organizational culture. Our goal is for employees to be the main participants of changes and brand ambassadors in the transformation process, and at the same time, for MBC to remain the best place for their professional growth.

REFRESHED BRAND AND MARKETING POSITIONING

6 REFRESHED BRAND AND MARKETING POSITIONING



FORMATION OF THE BRAND CODE AND NEW VISUAL IDENTITY

The year 2025 was a fundamental foundation-building period for MBC's branding – work on the brand code and refreshed visual identity was completed, representing the strategic base of the company's transformation into a microbank. From 2026, the process moves to the execution stage, which implies the integration of the refreshed brand philosophy into every point of customer interaction.

WHY WAS REBRANDING NECESSARY?

The transition from a microfinance organization to microbank status naturally implies establishing oneself in a new competitive environment, which logically demands the implementation of qualitatively new products and services, as well as the acquisition of new segments. In parallel, a large-scale internal transformation is underway in the company, which includes structural changes, optimization of business processes, and the renewal of corporate culture. Since the new status raised completely different requirements before the company, the goal of rebranding was also to bring the existing identity and strategic objectives into full alignment with each other.

POSITIONING

The strategic positioning of the brand is based on a fundamental promise: "Micro means more attention" and the status – "The Convenient Bank". This formulation directly reflects the company's ambition to be the most attentive and accessible financial institution in the market.

In accordance with MBC's philosophy, every loyal customer is viewed as a VIP client, which implies an individual approach and personalized service at all levels. The microbank status allows the company to achieve operational excellence, maintain flexibility, and at the same time, position itself as a convenient bank oriented toward fulfilling its clients' strategic goals.

In this process, the company introduces an innovative segmentation methodology (Jobs to be Done), which implies assessing customer needs not by demographic indicators, but according to their real-life interests and tasks.

Our priority is long-term and solid partnership, where every strategic step or technological novelty takes maximum account of customer interests and serves to simplify financial activities.

6 REFRESHED BRAND AND MARKETING POSITIONING

OPERATIONAL EXCELLENCE AND THE PHYSICAL ENVIRONMENT

MBC's brand transformation does not encompass only digital and visual changes. The company's strategic goal is to achieve operational excellence, which implies the maximum optimization of internal processes to improve customer comfort and speed of service.

At the same time, starting from 2026, work is planned to begin on a service center interior renewal and redesign project. The mentioned process aims to bring service spaces into compliance with the brand's new philosophy. Work on the new concept for branches will be completed in the first quarter of 2026, after which the gradual restructuring of existing service centers to the new standard will begin. This change will further emphasize MBC's image as a modern financial institution oriented toward a positive customer experience.

2026 - THE YEAR OF EXECUTION

While 2025 was dedicated to planning, research, and establishing new standards, 2026 will be the period when our customers will gradually feel the results of the rebranding in practice. The renewal of the physical environment, the refinement of digital services, and the drive toward operational excellence will ultimately cement the ecosystem that ensures MBC's positioning as a distinguished, convenient, and reliable partner in the market.

"WE DO NOT CREATE JUST FINANCIAL SERVICES - WE HELP YOU CHANGE YOUR PERSPECTIVE / ATTITUDE TOWARD YOURSELF, YOUR BUSINESS, AND THE FUTURE. EVERYTHING BEGINS WITH BELIEVING THAT THE FUTURE CAN BE DIFFERENT. WE WILL BE BY YOUR SIDE WHEN YOU BEGIN TO CREATE IT ANEW."



OUR TEAM

7 OUR TEAM



The year 2025 was a key stage of transformation into a microbank for MBC, which fundamentally changed the company's scale, internal processes, and capabilities. In this transformation, a decisive role was played by MBC's team – people whose professionalism and dedication to their work ensure the successful implementation of every change.

In the same year, the company successfully carried out rebranding, which was not limited only to updating the visual identity but significantly touched upon MBC's internal culture and employee experience. We believe that the rebranding process starts precisely from the team – with the involvement of employees, by internalizing common values, and sharing the brand's new philosophy.

As of 2025, the number of people employed in the microbank reached 290 employees, which is a 15% increased indicator compared to the previous year. The company maintains a high standard of gender balance: women make up 70% of the team. Notably, female representation in managerial positions stands at 53%, while in top management, this figure equals 50%.

In parallel with the transformation process, MBC actively continues to invest in human capital. Professional development, mastering new skills, and strengthening leadership potential are priorities for the company to fully respond to banking sector and modern business environment challenges.

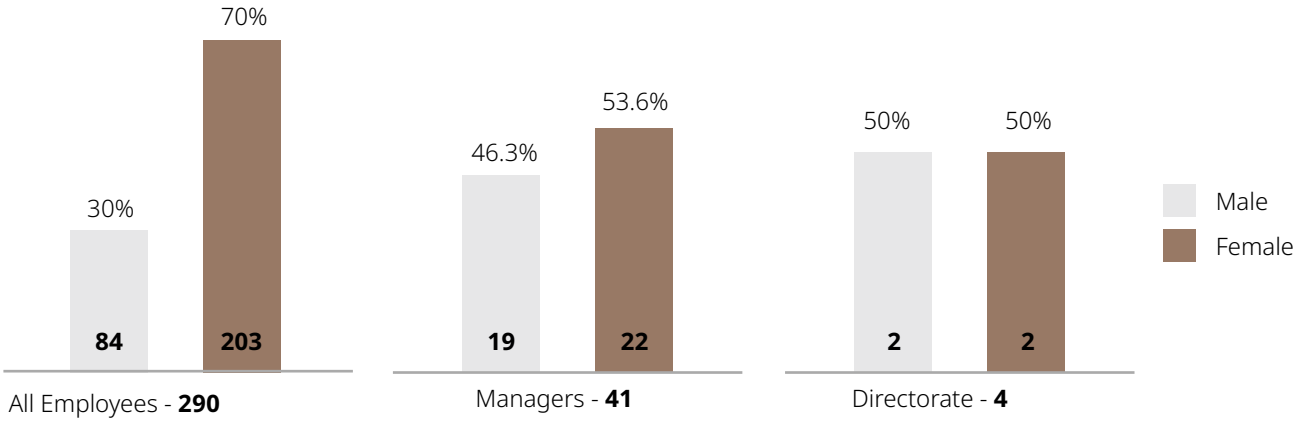
We create a working environment where every employee has the opportunity to maximally manifest their potential, engage in achieving common goals, and contribute to the sustainable development of the microbank.

We believe that a strong, motivated, and change-adaptive team defines the company's success and the opportunity through which more value is created for customers and society.

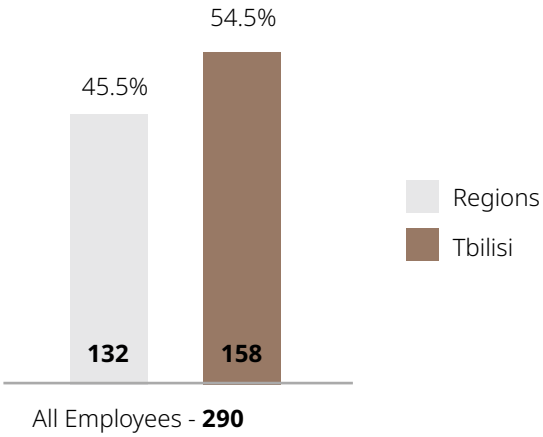
In 2026, the company plans to move the rebranding process to the next stage and achieve its full-scale integration into the internal culture. Special attention will be paid to forming a unified organizational culture and implementing those values in practice that define MBC's daily activities and customer-centric orientation. The company's goal is for rebranding to become a driving force for organizational transformation, which will directly reflect on increasing internal efficiency and improving the quality of service provided to customers.

7 OUR TEAM

GENDER DISTRIBUTION ACROSS DIFFERENT POSITIONS



EMPLOYEES BY LOCATION



HUMAN CAPITAL MANAGEMENT

8 HUMAN CAPITAL MANAGEMENT



Human capital management at the microbank represents a strategic function that ensures the attraction, development, and retention of talents aligned with the company's goals. The mentioned system is based on the principles of fairness, transparency, and inclusivity. Its primary goal is to create a stable, development-oriented, and safe working environment for employees.

The effective execution of this function is ensured by the Human Capital Management and Corporate Sustainability Department, which is subordinate to the Chief Operating Officer (COO). In turn, the Chief Operating Officer is accountable to the Directorate and the Supervisory Board. This governance model ensures a close link between human capital issues and top management, as well as their strategic integration, which is decisive for achieving organizational development, employee well-being, and the bank's strategic goals effectively.

The human capital management framework encompasses core processes such as: talent selection, employment and adaptation (onboarding) processes, compensation and benefit systems, regulation of working hours and leaves, professional growth of employees, career development support, etc.

Special attention is paid to the effective management of labor relations, compliance with ethical conduct standards, and ensuring transparent and effective communication within the microbank. Furthermore, the framework includes employee engagement and feedback mechanisms, which contribute to the development of organizational culture and the growth of employee satisfaction.

DIGITAL TRANSFORMATION OF HUMAN CAPITAL MANAGEMENT

To increase the efficiency and operational flexibility of human capital management processes, the company took significant steps toward digitalization over the past year. The initiatives aim to both reduce the administrative burden and improve process transparency and speed.

Within the scope of the digital transformation of human capital management, the digitalization of core administration processes began in 2024. The mentioned change included moving document workflows, leaves, budgets, business trips, and time tracking into electronic systems. The initiative's goal is to simplify processes, reduce administrative workload, and improve data management accuracy. In 2025, this process was successfully completed, and the digital model of human capital administration was fully implemented into the system. Additionally, a payroll module was implemented, ensuring automatic salary calculations, process standardization, and minimizing the risk of errors.

In 2025, the recruitment process was also fully digitalized, ensuring a more structured, fast, and effective approach to candidate selection and management. This change simplified the management of the microbank's vacancies, candidate evaluation, and communication, which significantly increases the quality and efficiency of the recruitment process.

Additionally, the company implemented an electronic signature system for labor relations documents, which replaced the traditional, printed, and physical signing process. This change ensures faster and safer processing of documentation, introduces more ecologically sustainable practices, reduces administrative costs, and improves the overall efficiency of processes.

8 HUMAN CAPITAL MANAGEMENT

These changes significantly increased the efficiency of processes related to human capital management, improved operational accuracy, and further strengthened a modern, digital, and data-driven approach to human capital management.

TALENT DEVELOPMENT

The professional development of the microbank's team represents one of the strategic directions of human capital management, which aims to strengthen employees' professional skills, develop competencies, and support the company's long-term capabilities. Talent development at MBC is a continuous and systematic process. The company has implemented various development programs that provide employees with diverse opportunities for receiving education and achieving professional growth.

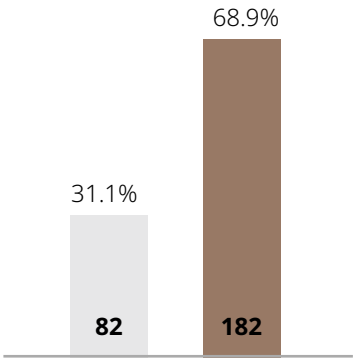
A internship program has been successfully operating at the microbank for years, representing an important platform for talent development. The program provides starting talents with both theoretical knowledge and practical skills, preparing them effectively for the work environment. Upon completion of the program, the best participants are given the opportunity for employment within the organization.

Furthermore, internal trainings are regularly conducted for front and back-office employees, covering important and key directions for the business.

During the reporting year, the company actively continued to support the professional growth of its employees. External training programs and certification opportunities allowed the team to reinforce their theoretical knowledge and practical skills. These initiatives significantly contributed to raising the professional competencies of the team, which directly reflects on the quality and efficiency of work processes. Moreover, it further strengthened the culture of internal talent development and created broad opportunities for career advancement.

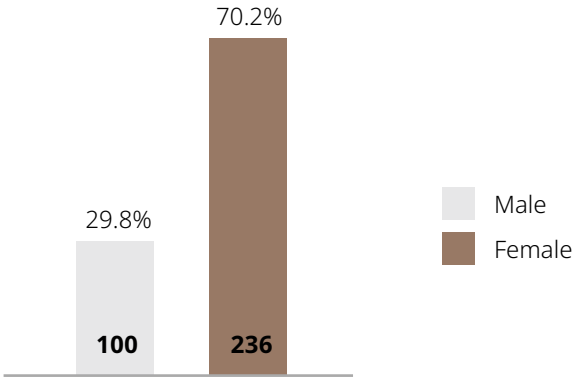
For the following year, the company plans to implement significant initiatives in the direction of human capital learning and development. Specifically, a strategy will be developed that will define the microbank's long-term learning priorities and development framework. In addition, a Competency Framework will be established, ensuring the structured management of employee skills and roles, as well as targeted development planning. In parallel, the digitalization of learning processes will continue, contributing to improved learning accessibility, efficiency, and monitoring. Particular emphasis will be placed on diversifying training programs – across technical, professional, as well as personal and managerial skill sets.

EXTERNAL TRAININGS



Employees - **264**

INTERNAL TRAININGS



Employees - **336**

8 HUMAN CAPITAL MANAGEMENT





LEADERSHIP PROGRAM FOR MANAGERS

In the process of transforming into a bank, particular importance is attached to strengthening the competencies and skills of the team so that the organization can effectively respond to new demands and challenges.

To this end, a leadership development program was designed and implemented for the microbank's managerial tier in 2025. The project's goal was to reinforce managerial competencies in key areas such as change management, leadership, team management, and effective collaboration. The program was conducted in partnership with the international consulting company Develor Georgia.

ATTRACTING TALENT

In the process of transforming into a microbank, attracting and retaining talented individuals remains one of the most important priorities, which is critical for the company's sustainable growth and development. Under these conditions of change, it is particularly important to attract professionals who stand out with a distinct vision and diverse experience.

During 2025, MBC continued to grow and significantly expanded its team. Specifically, 123 new employees joined the organization. Along with this, internal career development and mobility were actively promoted, as a result of which approximately 30 employees were promoted to higher positions during the year, out of which 60% were female employees.

In the talent attraction process, MBC unconditionally adheres to the principle of equal opportunity, which ensures a fair, objective, and inclusive selection process for all candidates. Recruitment is based solely on education, professional qualifications, and alignment with the requirements of the specific position.

Developing internal talent is one of MBC's most crucial priorities. Specifically, preference for filling vacant positions is given to existing employees, which applies especially to managerial tiers. We have numerous examples in the company where an employee started their professional path from entry-level positions and today leads specific structural units.

Such success stories once again confirm that the organization creates real opportunities for career advancement and supports the existence of a development-oriented culture.

8 HUMAN CAPITAL MANAGEMENT



Gigla started his career at MBC in 2014 through an internship program as a Credit Expert. Since then, he has passed several important stages of career development: he was a Credit Department Specialist, a Credit Administration Manager, and later – Head of the Sales Administration Department.

"The most important thing I learned here is interacting with people – with customers, the team, colleagues. Along with this, I completed numerous certified courses and trainings for professional growth. Developing internal personnel has always been and remains the company's priority. Many employees grew up within MBC, and today several of them lead departments.

Even now, with the company's support, I am participating in the Uniglobal conference, the main topic of which is digital transformation. I am confident that this experience will be beneficial both for me personally and for the organization, because we are precisely at the stage of changes, and technological knowledge is especially needed."

According to Gigla, fairness and simplicity are the core values that determined his long-term friendship and cooperation with MBC. The management's support for these values contributes to the formation of a healthy organizational culture.

Gigla Papalashvili

Head of Information Technology Product Development and Quality Management Department

8 HUMAN CAPITAL MANAGEMENT



Tamar's career at MBC began in 2014 from the position of a Credit Expert.

"Initially, I applied for the position of a Cashier-Operator at MBC, however, during the selection process, my potential was identified towards lending, and I started my career from there. After that, I walked a quite interesting and diverse professional path within the company.

From 2017, I continued my activities in the Risk Department as a Compliance Specialist, where my functions covered the AML direction. This role gave me the opportunity to study regulatory requirements, risk identification processes, and control mechanisms in depth. This practice laid the foundation for my professional growth towards operational risk management. The accumulation of experience and the gradual increase in responsibilities naturally led to my promotion to a leadership position.

The results achieved based on strengthening the risk management framework and process optimization led me to take charge of the Operational Risks and AML Department, which today ensures the integrated management of these two areas. MBC's rapid development and transformational processes had a direct impact on my career advancement – every new challenge became an additional incentive for my professional development and for making processes even more refined.

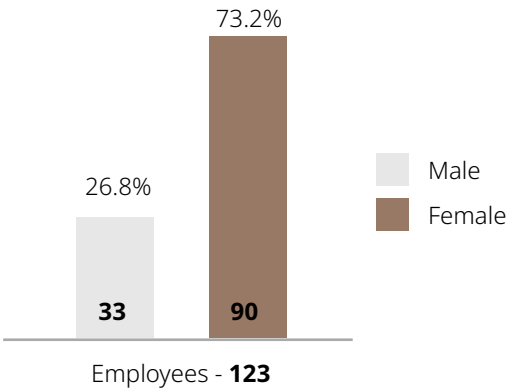
Involvement in various critical areas gave me an in-depth knowledge of processes, which today helps me in making effective decisions and improving the risk management system."

According to Tamar, the special contribution made to MBC's success represents the efforts put into the period of obtaining the microbank license and the acquired expertise. In her opinion, this was yet another step forward for the company's progress.

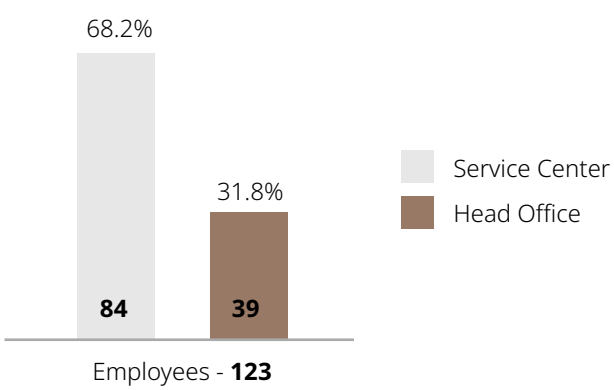
Tamar states that MBC's value lies in healthy relationships, which has followed the organization since the day of its founding. This ensures the formation of an environment where employees have the opportunity to exert effort, develop, and achieve significant professional success with the management's support.

Tamar Gabelashvili
Head of Operational Risks and AML Department

ALL EMPLOYEES HIRED IN 2025 BY GENDER



ALL EMPLOYEES HIRED IN 2025 BY HEAD OFFICE / SERVICE CENTER



8 HUMAN CAPITAL MANAGEMENT

EMPLOYEE EXPERIENCE

To strengthen corporate culture, the company's top management regularly maintains active communication with all tiers of the organization. This interaction encompasses both online formats as well as face-to-face meetings and team gatherings ("team buildings").

CHESS CHAMPIONSHIP





MBC attaches particular importance to strengthening team spirit and establishing a culture of intellectual recreation among employees. To this end, an internal chess championship was held in the company in 2025. The winner of the tournament was awarded a special prize established by the company.

TENNIS CHAMPIONSHIP





On May 4, at the Table Tennis Federation of Abkhazia, the MBC 2025 Table Tennis Championship was held, which united employees in a sporting and friendly environment. The tournament stood out for its high level of engagement and healthy competition. As a result of the competition, the podium winners (first, second, and third places) were revealed, and the Federation named the tournament's choice player.

FOOTBALL CHAMPIONSHIP





An internal football championship – "MBC Cup" – was held at the microbank, in which company employees from Tbilisi and the regions participated. This tournament was also characterized by high engagement and team spirit. As a result of the championship, the podium teams were revealed, while the best player and the best goalkeeper were named through a vote by the captains and organizers.

8 HUMAN CAPITAL MANAGEMENT

CHILDREN'S PROTECTION DAY AT MBC





To celebrate International Children's Protection Day, and considering the high interest of our employees, we invited Tamar Gagoshidze – a neuropsychologist, Doctor of Psychology, and Professor. The purpose of the meeting was to raise awareness among employees regarding child development, upbringing, and psychological well-being, as well as to share practical knowledge that would help them form more informed and responsible approaches in both their personal and professional relationships. Within the framework of the meeting, employees had the opportunity to ask important questions and receive comprehensive and qualified answers from the speaker.

BOOK CHALLANGE





On April 23, to mark World Book Day, an internal campaign called #bookchallenge was held at MBC. The goal of the campaign was to share book recommendations among employees and encourage a reading culture, as well as to increase active engagement in the campaign. The campaign generated high interest among employees, and as a result, approximately 50 books were handed over to their new owners.

MBC TALK





The project represents a series of lecture-type meetings, the purpose of which is to invite personalities and professionals from various fields who are interesting to our employees. The meetings are distinguished by an informal, warm, and dynamic atmosphere, which promotes active audience engagement, exploring expert experiences, sharing knowledge, and pleasant recreation.

MBC Talk creates a unique space for professional development, as well as for inspiration and the exchange of new ideas. In 2025, within the framework of this initiative, interesting meetings were held with experts from various fields, including: Zura Mchedlishvili, Tamar Gagoshidze, Lali Badridze, Shota Chinchaladze, and Aleksandre Asatiani.

The mentioned project fully aligns with the company's values, which are directed toward the continuous growth of employees and the formation of a strong corporate culture.

8 HUMAN CAPITAL MANAGEMENT

TEAM BUILDING AND CORPORATE EVENING





At MBC, team-building activities play an important role in establishing strong professional and personal connections among employees, deepening mutual understanding, and developing a unified team culture.

In 2025, these events were implemented in various formats – both as outdoor retreats and internal activities, which gave employees the opportunity to get to know each other better in a different environment. Each initiative unites the team around common goals and contributes to increasing motivation, engagement, and team unity.

In addition, as per tradition, a corporate evening was held, which further reinforces team spirit, creates a positive working atmosphere, and strengthens the emotional bond among employees.

HEALTH AND SAFETY AT THE WORKPLACE





The company continues systematic care to ensure the health and safety of its employees. In this direction, a Safety Specialist position operates within the company, which is responsible for compliance with safety standards in the working environment, risk prevention, and the effective implementation of appropriate control mechanisms.

An infrastructure safety risk assessment is systematically carried out in the company; needs analysis and the development and execution of appropriate action plans are undertaken to eliminate identified non-compliances.

In order to raise awareness and safety among employees, scheduled trainings on fire safety directions were conducted in 2025, where company employees were once again reminded of the rules and procedures that are necessary for fire prevention, proper and rapid response in emergency situations, as well as for ensuring their own and others' safety.

8 HUMAN CAPITAL MANAGEMENT

EVENT DEDICATED TO BANKER'S PROFESSIONAL DAY





Within the framework of the event dedicated to Banker's Professional Day, the President of the National Bank, Natia Turnava, handed over an award for valuable labor in the banking sector to MBC's Chief Risk Officer - Nino Devdariani.

The National Bank of Georgia hosted the event and rewarded outstanding employees of the banking sector.

Nino Devdariani has been holding the position of MBC's Chief Risk Officer for 10 years and ensures the strategic supervision and operation of the company's risk management system. Her area of responsibility encompasses such critical directions that contribute to the organization's financial stability and efficiency. Along with this, Nino Devdariani's contribution to sectoral development is noteworthy, which is reinforced by her role as the Chairwoman of the Microfinance Association of Georgia.

MBC is particularly proud of the appreciation of Nino Devdariani's work and the recognition of her contribution to the development of the banking sector.

MFC'S 27TH ANNUAL CONFERENCE





The management of Microbank MBC participated in the 27th annual conference organized by the Microfinance Centre (MFC) – "Changes, Shocks, and Solutions: Microfinance in the Shadow of Geopolitics". The event was held on May 27-29 in Tbilisi, with the support of the National Bank of Georgia. The main goal of the conference was to discuss the opportunities of inclusive financing and accessibility against the backdrop of global challenges, such as geopolitical risks and climate changes.

MBC's Chief Risk Officer, Nino Devdariani, participated in the panel discussion – "Microfinance Sector in Georgia: Stability Model in a Changing Region", where the sector's role in ensuring economic stability and financial inclusion was discussed.

The conference was attended by more than 400 delegates from various countries, among whom were representatives of financial institutions, investment funds, financial sector regulators, policy-making bodies, and social finance innovation companies. The core topics encompassed sustainable lending, women's empowerment, digital innovations, and impact assessment.

OUR CUSTOMERS

9 OUR CUSTOMERS



MBC's goal has never been just a quantitative growth of customers. Our focus has always been and will continue to be on strengthening the segment that drives the dynamics of Georgia's economy – which is micro, small, and medium-sized businesses.

MBC's mission is to create products tailored to the specific needs of this segment. We plan to gain a competitive advantage in the market through simplified loan issuance procedures, operational service, and targeted offers. Our goal is for micro, small, and medium-sized businesses to constantly feel the pulse of MBC and for us to offer customers high banking standards, reliable, and diversified services in the shortest possible time, with minimal bureaucracy.

In 2025, the most significant step taken in this direction was the increase in credit limits from 100,000 to 300,000 GEL – while in 2026, it is planned to increase the mentioned limit to 1 million GEL. The expansion of financial resources allowed entrepreneurs to operationally respond to market demands. The limit increase was not merely a technical decision – it was our response to the growing needs of clients who required more financial support for their development.

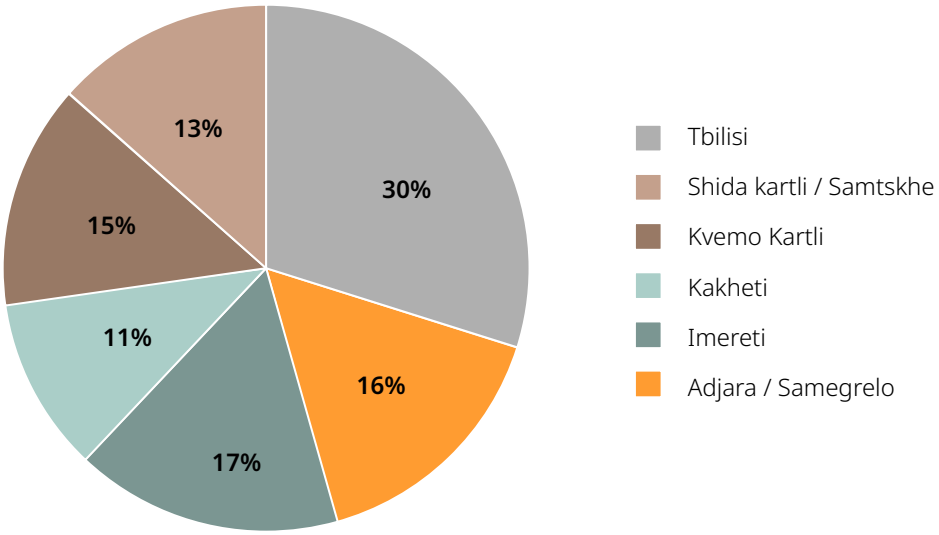
This process added even more flexibility for customers regarding current account openings, which significantly simplified daily interactions with the bank, loan servicing, or operational management of financial resources.

It is noteworthy that the structure of MBC's portfolio clearly reflects the company's mission – up to 63% of the portfolio comes from the business sector, which encompasses micro and small entrepreneurs, agro-businesses, and family businesses. This direction is growing dynamically every year – in 2025, the growth of this segment's portfolio amounted to more than 20 million GEL.

The company's regional development strategy is based on the principle of equal accessibility to finance. Out of MBC's 18 service centers, 12 operate in the regions, which allows us to respond to local challenges. In the future, MBC plans development in both digital accessibility and physical channel directions to maximally adapt to individual customer needs and comfort.

9 OUR CUSTOMERS

REGIONAL DISTRIBUTION OF CUSTOMERS



The most significant step of 2025 was the development and implementation of the CX (Customer Experience) strategy, the goal of which is the complete transformation of MBC into a customer-centric organization. In parallel, the new brand code clearly reflected the company's core promise: to be a convenient bank that has serious and long-term plans in relation to its customers.

This means that the company's services will become simpler, more accessible, and tailored to the individual daily life of each customer. The first steps in this direction have already been taken, and positive changes will become progressively noticeable to customers in the near future.

An integral part of the transformation is the conceptual rebranding of service centers – starting from 2026, the branch concept and interior will change to make the physical space even more comfortable, open, and adaptable to customer needs.

Customer satisfaction and loyalty are the primary metrics of MBC's activities. According to conducted surveys, customer loyalty and satisfaction indices are stably within the 80-90% range. This result is a testament not only to product quality but also to those direct, human relationships upon which our company builds its daily activities.

We must also emphasize that MBC's digitalization strategy does not imply development at the expense of human relations or shifting the focus away from them. On the contrary, our goal is to use technological progress to increase the accessibility of services and thereby create even more space for direct, personalized human interactions.

We recognize that different regions have different economic dynamics and needs. Precisely for this reason, the development of special initiatives for regional clients will begin in 2026, which implies implementing flexible payment schedules, customized credit lines for entrepreneurs creating jobs in the regions, and a series of financial education or business consultations, so that local businesses can maximize the efficiency of increased credit limits.

During the reporting year, within the scope of organizational transformation, MBC paid special attention to professional team retraining. The learning process encompassed 42 sessions and 15 different modules with a total duration of more than 200 hours, covering both technical and service directions. The mentioned approach ensures personnel readiness so that, in parallel with growth rates, the company improves service standards and effectively manages both traditional and new banking products.

FUTURE VISION

In 2026, we wish to turn environmental care into an opportunity for enhancing business efficiency and development for entrepreneurs. We believe that implementing modern, eco-friendly standards will allow customers to make their operations more profitable, optimally manage resources, and receive the necessary financial support for "green" initiatives. This approach will ensure business sustainability and increase its competitiveness in the market.

Support for Energy-Efficient Agro-Technologies: Financing the setup of energy-efficient greenhouses was defined as a priority direction.

9 OUR CUSTOMERS

Sustainable Management of Water Resources: Financial resources allocated for the implementation of modern drip irrigation systems will provide entrepreneurs with the opportunity to increase crop yields, rationally use water resources, and prevent soil erosion.

Biodiversity and Ecological Purity: By encouraging the mulching method in perennial crops, MBC will help farmers reduce the use of pesticides and chemical fertilizers. As a result, product competitiveness and ecological purity will increase, which directly reflects on soil health.

CUSTOMER EXPERIENCE MANAGEMENT

10 Customer Experience Management



At MBC, we are well aware that in the modern financial world, competitive advantage is no longer limited only to interest rates or the variety of products/services. The main cornerstone of the company's activities is the customer – their trust, satisfaction, and emotional bond with the brand. Effective management of Customer Experience (CX) is the most critical prerequisite for the organization's sustainable development. Therefore, in line with global trends, a reinforced focus on customer experience was defined as MBC's strategic priority in 2025.

CORE INITIATIVES OF 2025

The first fundamental step taken in 2025 was the formation of a specialized structural unit – the Customer Experience Management Group. The group's primary task represents creating a customer-centric ecosystem. This change serves as a strategic statement that the continuous improvement of service quality stands at the apex of the company's priorities.

To integrate international practices and expert knowledge into the process, the company began collaboration with CX Hub – a leading consulting group in the direction of customer experience management.

Within the framework of the partnership:

• An in-depth diagnostics of MBC's existing processes was carried out;

• Taking into account the specifics of the company, a future development strategy was developed;

• A transformation process was planned, which aims to cement MBC's positioning as a human-centric, modern, and responsible financial partner.

The mentioned initiatives create a solid foundation to offer customers not only financial services but a positive, outstanding, and tailored (Customer-Centric) experience.

KEY DIRECTIONS OF A CUSTOMER-CENTRIC CULTURE

In the transformation process, a fundamental rethinking of existing business processes took place, resulting in the formulation of a strategy for developing a customer-centric culture. This vision is based on three core factors:

• **Management Engagement** – Management's active and continuous involvement in forming and strengthening corporate culture ensures the effective implementation of strategic goals at all levels of the organization.

• **Employee Engagement** – Creating the best experience for the customer is a common responsibility [from the previous page]. This implies caring for both external and internal customers, which is an effective internal service development, where each employee internalizes their role in the process of creating ultimate value for the customer.

10 Customer Experience Management

• **Supporting Systems and Instruments** – A combination of processes, practices, and instruments that helps the team create an outstanding experience in daily activities and supports the company's sustainable development.

STRATEGIC DIRECTIONS AND FUTURE VISION

Expanding the mandate and scope of influence of the Customer Experience (CX) Management unit represents one of the company's top priorities. This change aims at the effective coordination of the service strategy across every channel and functional unit, which will allow us to manage the customer experience through a unified, coherent, and centralized positioning.

MBC's strategic choice is to turn focus on the customer into the primary driving principle of its activities, which is reflected in the following initiatives:

• In any complex or non-routine situation, the customer's interests and experience will be considered an absolute priority.

• Integrating the transformation culturally into the onboarding process of new employees. From day one, every team member internalizes the company's mission and those values required to establish a high standard of service.

• Training programs oriented toward customer experience standards are becoming systematic. Learning covers every position that has direct or indirect contact with the customer, ensuring high professional qualifications of the team.

• A fair incentive model is being implemented, where, along with financial indicators, a significant share is assigned to evaluating customer-centric behavior. Outstanding service becomes visible and recognized, serving as an additional stimulus for employee motivation.
• Customer Journey Mapping – The company's approach is based on a detailed mapping of the customer journey. This allows us to deeply analyze every touchpoint – from the first interaction to the long-term use of the product – and predetermine customer needs.
• A centralized platform for feedback management is being implemented, which connects evaluations received from all channels into a unified system. This data is transformed into systemic insights, helping the company identify problems and operationalize innovative solutions.

• Caring for the customer is the personal mission of each employee. Both front and back-office teams recognize their role as co-creators of the service process, ensuring customer-oriented decisions at all levels of the organization.

SHARED CORPORATE RESPONSIBILITY

Caring for the customer is the personal mission of each employee.

Creating the best experience for the customer is not the task of an individual structural unit – it is our company's unified philosophy, which will further solidify MBC's positioning as a human-centric, modern, and responsible financial institution. The first steps have already been taken, and the company is ready for further development.

CORPORATE SUSTAINABILITY

11 CORPORATE SUSTAINABILITY

In the process of the microbank's development, corporate sustainability represents not just an individual direction, but the foundation that defines our daily decisions and long-term vision.

Integrating ESG principles into every stage of activity provides us with the opportunity to mitigate potential risks, reinforce sustainability, and create long-term value for stakeholders – employees, customers, partners, and the wider community.

This is precisely why it is fundamentally important for MBC that business growth is in constant harmony with the positive impact that the company exerts on its surrounding environment and society.

WOMEN'S EMPOWERMENT

Women's empowerment represents one of the most important directions of MBC's corporate sustainability. As a signatory company to the UN Women's Empowerment Principles (WEPs), the microbank shares gender equality and actively promotes the economic and social empowerment of women, not only through external initiatives but also within its internal culture. Women constitute the majority of MBC's employees, which once again underscores the company's role in supporting women's employment and professional development.

SUPPORTING THE EXHIBITION-SALE OF WOMEN ENTREPRENEURS' PRODUCTS





On September 13-14, with the support of MBC, a large-scale exhibition-sale of products by women entrepreneurs was held at the "Expo Georgia" exhibition center. The organizer of the event was UN Women Georgia. Up to 200 women entrepreneurs from various regions of Georgia participated in Expo 2025. Visitors to the exhibition had the opportunity to explore locally and purchase products created by women entrepreneurs.

Within the framework of the event, a panel discussion was held, where representatives from the private and banking sectors discussed the importance of financial inclusion in the economic empowerment of women.

MBC's support once again confirms its values and readiness to promote women's economic development and empowerment. We believe that investing in women entrepreneurs creates real, sustainable changes both in local communities and in the economy as a whole.

AWARD FOR SUPPORTING WOMEN'S ECONOMIC EMPOWERMENT





In 2025, MBC earned significant recognition from the UN Women organization. On December 5, at the annual conference of the Women's Empowerment Principles (WEPs), the company was presented with a special award. MBC earned this recognition for its outstanding contribution and consistent support toward women's economic empowerment. This award is of particular importance to the company and serves as an additional motivation to take even more effective steps toward women's empowerment.

11 CORPORATE SUSTAINABILITY

FINANCIAL EDUCATION

Promoting financial education represents one of the priority directions of the microbank's corporate responsibility. It is important to us that the future generation acquires the knowledge and skills at an early age that will help them make financially responsible decisions.

To this end, MBC, in collaboration with the National Bank's financial education platform "Finedu", actively implements educational initiatives. The project aims to raise financial literacy among youth, share practical experiences, and develop a culture of financial independence.

GLOBAL MONEY WEEK





In 2025, within the framework of Global Money Week, MBC's ambassadors traditionally met with more than 200 students from 10 schools in various regions of Georgia and conducted fun, educational lessons to raise awareness on money savings topics.

Activities were held for students of grades III-XII in schools across Kvemo Kartli, Shida Kartli, Kakheti, Samegrelo, and Imereti. During the lessons, children received information about money-saving methods, savings security, smart spending principles, and other important financial matters.

Global Money Week has been celebrated in Georgia since 2012, initiated by the National Bank of Georgia and the educational platform "Finedu".

INTERNATIONAL SAVINGS DAY





To mark World Savings Day, MBC employees joined the National Bank's educational project – "Invite Finedu to Class".

Within the scope of the activity, ambassadors met with up to 300 students from grades V-XII in 10 schools across various regions and conducted fun interactive lessons aimed at raising awareness on money savings topics.

Lessons were held in schools across Batumi, Kvemo Kartli, Shida Kartli, Kakheti, Samegrelo, Samtskhe-Javakheti, and Imereti, where children received information regarding effective methods of money saving, smart spending principles, ensuring the safety of savings, and other important financial matters.

In addition to savings topics, special attention during this year's activities was dedicated to the national currency – the 30-year anniversary of the Lari.

11 CORPORATE SUSTAINABILITY

SUPPORTING THE STUDENT COMPETITION "REGULATOR'S DILEMMA"





Microbank MBC was a supporter of the student competition "Regulator's Dilemma", held at the initiative of the National Bank of Georgia and the financial education portal "Finedu". The competition aimed to raise awareness among students regarding central bank activities and to encourage them to make smart financial decisions.

Within the framework of the event, student teams presented innovative visions and concrete solution pathways to the jury, which touched upon dilemmas related to central bank activities.

SUPPORTING SPORTING INITIATIVES AND A HEALTHY WAY OF LIFE





For MBC, supporting sporting initiatives goes beyond the format of corporate responsibility – it is our contribution to forming an active and healthy society.

With the company's support, the team of the Masters Aquatic Sports Federation of Georgia, Aquamasters Alliance, successfully competed in the World Championship held in Singapore.

The mentioned championship is a large-scale event that unites up to 10,000 athletes aged 25 to 95+. Aquamasters Alliance joined the competition worthily and showed excellent results – each member improved their personal indicators in individual heats, and the team took a prestigious place in the top ten.

The championship encompassed five disciplines: swimming, open water swimming, artistic swimming, diving, and water polo.

MBC will continue to support those initiatives in the future that serve societal well-being and the improvement of the quality of life.

11 CORPORATE SUSTAINABILITY

ENVIRONMENTAL RESPONSIBILITY

As a microbank, MBC clearly acknowledges that environmental responsibility represents an inseparable part of its activities. Our impact on the environment is manifested, on one hand, in decisions made during the financing process and in supported projects, and on the other hand, in implementing more sustainable practices in daily operations.

MANAGEMENT OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) RISKS

In the direction of managing environmental, social, and governance (ESG) risks, the company developed a corresponding policy and risk management framework, which represents a complex and systemic approach to identifying, assessing, and managing these risks.

The purpose of the risk management framework is to integrate ESG factors into decision-making processes, including credit decisions, ensuring the identification of potential risks at an early stage and possibilities for their effective management. The policy defines core principles and procedures aimed at mitigating environmental and social impacts and strengthening governance standards.

Implementing this system provides the company with the opportunity to enhance sustainable development practices and further ensure operations oriented toward responsible and long-term value.

WASTE MANAGEMENT

Waste generated as a result of the microbank's operational activities mainly includes paper, electronic, and electrical equipment.

Given the nature of office activities, the company actively uses various electronic devices. Proper management of this type of waste is particularly important, as it may contain hazardous components for the environment, including heavy metals. Consequently, responsible management of this category is of particular importance to the company.

In the case of cartridges, the company has an active agreement with a corresponding contractor organization, whose facilities utilize a multi-use consumption system. Used cartridges do not turn into waste; instead, they are returned to the contractor, refilled manually, and reused. As for electrical equipment (computers and related tech), their management is carried out via a responsible path, including the practice of selling them on the secondary market.

Paper waste represents a significant part of the company's waste. In this direction, MBC is undergoing a digital transformation process, which aims to maximize document workflow digitization and gradually reduce paper consumption, directly reflecting on mitigating environmental impact. Specifically, in 2025, the human capital management processes were fully digitized, including the introduction of an electronic signature system for labor relations documents, replacing the traditional, printed, and physical signing process. This change ensures ecologically sustainable documentation processing and significantly reduces paper consumption.

For the following year, it is planned to gradually introduce an electronic signature system in customer relations processes as well, which will completely replace the bank's use of paper and contribute to strengthening the company's environmental responsibility.

RESPONSIBLE USE OF NATURAL RESOURCES AND ENERGY EFFICIENCY

The company pays special attention to the responsible use of natural resources and improving energy efficiency as one of the important directions of environmental sustainability.

Given the nature of operational activities, MBC constantly strives toward resource optimization and promoting their efficient use. In this direction, the company gradually introduces practices aimed at reducing energy consumption, rational use of office resources, and establishing environmentally sustainable decisions in daily processes.

In 2025, the main stage of workspace and network infrastructure modernization, which began in 2024, was completed. The updated infrastructure is fully energy-efficient, ensuring a reduction in energy consumption by the company and orientation toward optimal resource utilization, which, along with increasing operational efficiency, ensures a reduction of environmental impact.

MACROECONOMIC OVERVIEW

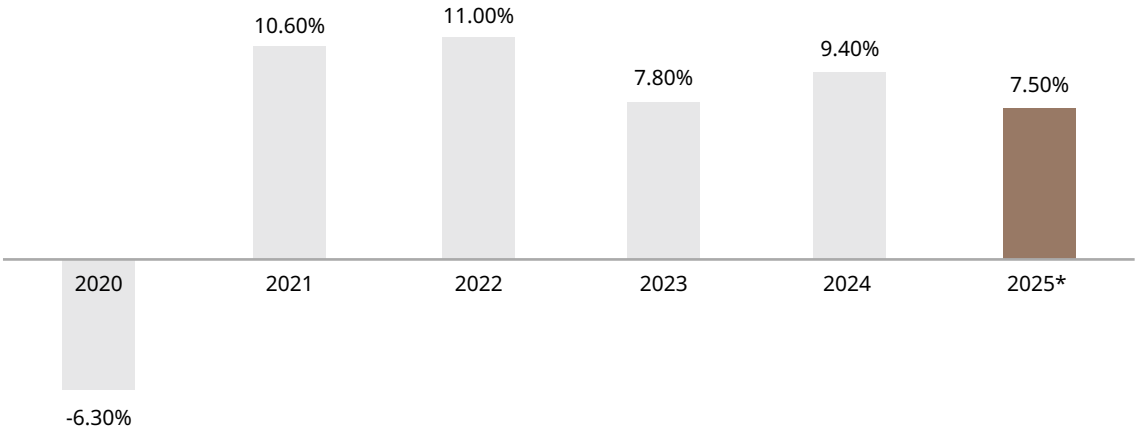
12 MACROECONOMIC OVERVIEW



REAL GROWTH OF GROSS DOMESTIC PRODUCT

According to the preliminary assessment of the National Statistics Office of Georgia, the real Gross Domestic Product growth in 2025 reached a 7.5% mark, which is 1.9% lower compared to the previous year's growth rate.

REAL GDP GROWTH



Source: https://www.geostat.ge/ka/modules/categories/23/mtliani-shida-produkti-mshp

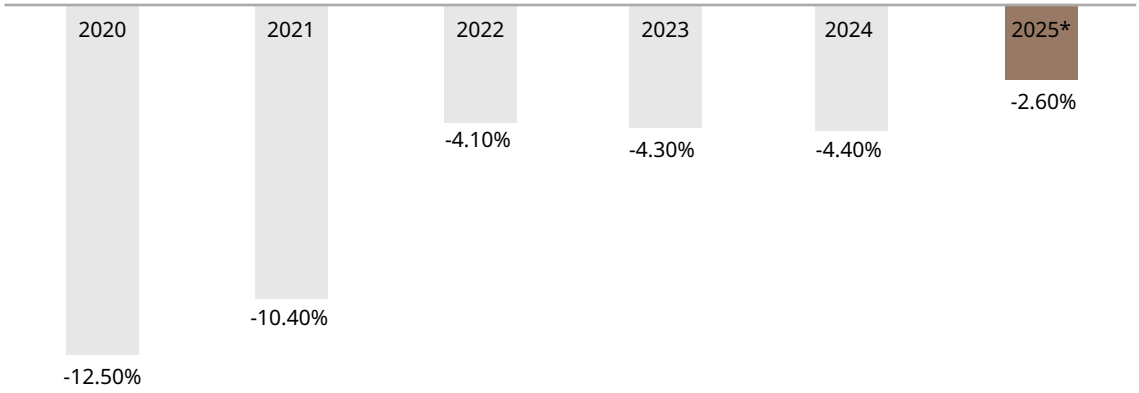
CURRENT ACCOUNT

According to the data of the "Balance of Payments of Georgia" published by the National Bank of Georgia, the current account deficit decreased in 2025 and amounted to 1,008.4 million USD, which constitutes 2.6% of the total Gross Domestic Product. Compared to 2024, the deficit improved by 803.9 million USD, which represents historically the lowest indicator for Georgia.

According to 2025 data, trade in goods and the primary income account made a negative contribution to the formation of the current account, while trade in services and current transfers had a positive effect.

12 MACROECONOMIC OVERVIEW

CURRENT ACCOUNT TO GDP



EXPORT - IMPORT

According to preliminary data for 2025, the volume of exports in Georgia increased to 7.29 billion USD, which is 11% higher compared to the 2024 indicator. The growth trend of imports also continued in 2025 – a 10% increase was recorded, which in total amounted to 18.6 billion USD.

In 2025, Turkey remains Georgia's largest import partner, with its share in total imports at 14.92%. The largest export country is Kyrgyzstan (20.56%).

During the reporting period, the largest export countries include: Kyrgyzstan (1.50 billion USD), Kazakhstan (910 million USD), Russia (749.3 million USD), and Azerbaijan (697 million USD).

The top positions among the largest import countries are held by: Turkey (2.777 billion USD), the USA (2.767 billion USD), China (1.987 billion USD), and Russia (1.939 billion USD).

Source: https://www.mof.ge/ka/fl/eksportimportis_informatsia?page=1

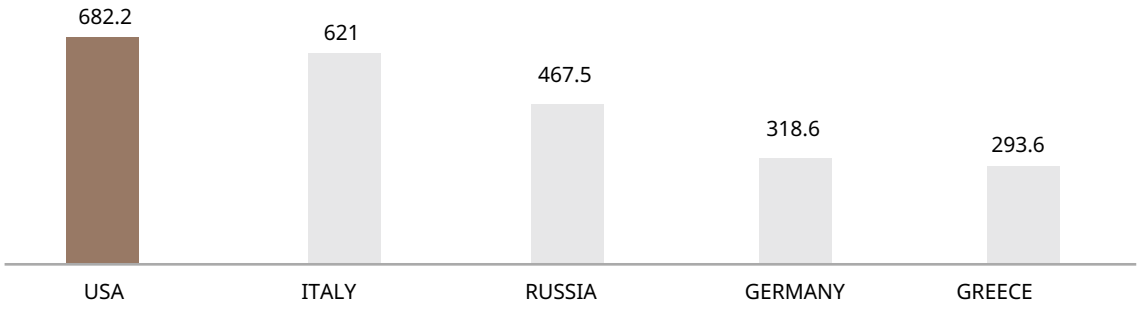
REMITTANCES

During 2025, financial inflows to Georgia in the form of remittances amounted to 3.65 billion USD, which exceeds the 2024 indicator by approximately 10%. The volume of funds transferred out of the country reached 0.42 billion USD, which is 11% higher than the previous year's data.

During 2025, 45% of the transferred funds originated from European Union countries.

According to the volume of remittances, the top five countries are distributed as follows: USA – 682.2 (19%) million USD, Italy – 621 (18%) million USD, Russia – 467.5 (12%) million USD, Germany – 318.6 (9%) million USD, and Greece – 293.6 (8%) million USD.

REMITTANCE INFLOWS BY TOP COUNTRIES



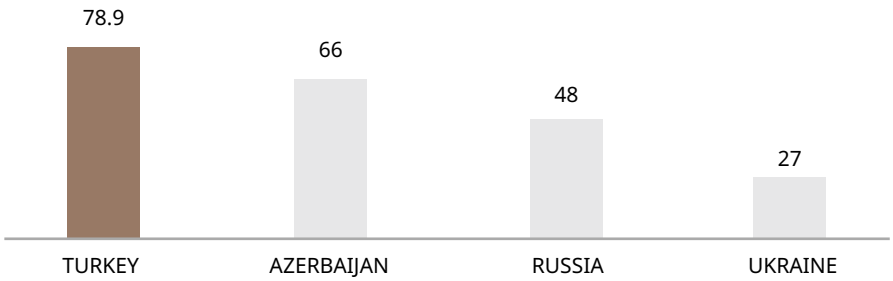
Source: https://nbg.gov.ge/page/puladi-gzavnilebi

12 MACROECONOMIC OVERVIEW

Distribution of Outbound Remittances by Top Countries (Total 420 Million USD):

Turkey – 78.9 million USD (18.8%), Azerbaijan – 66 (15.2%) million USD, Russia – 48 (11.4%) million USD, Ukraine – 27 (6.4%) million USD.

REMITTANCE OUTFLOWS BY TOP COUNTRIES



TOURISM

According to 2025 data, the average monthly number of non-resident visitors reached 482.4 thousand, which exceeds the 2024 indicator by 31.4 thousand (approximately 7%).

By country, the highest number of visitors in 2025 was recorded from the Russian Federation (112.1 thousand), Turkey (81.5 thousand), Armenia (57.6 thousand), and European Union countries (35.7 thousand).

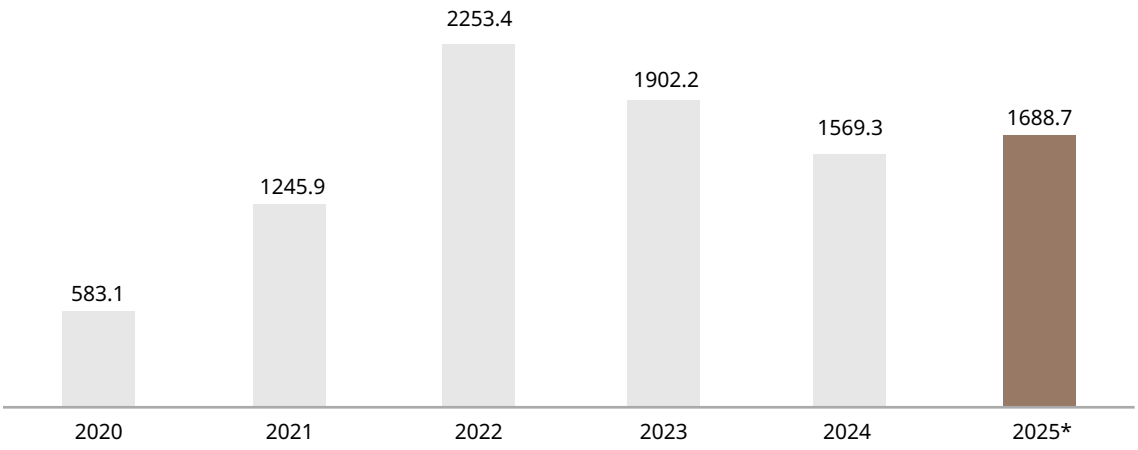
The average monthly expenditure of visitors amounted to 1,249.8 million GEL. The structure of total monthly expenditures by main categories is distributed as follows: Shopping – 354.7 million GEL, Accommodation – 317.0 million GEL, Food and Drink – 291.8 million GEL.

Source: https://www.geostat.ge/ka/modules/categories/102/utskhoel-vizitorta-statistika

FOREIGN DIRECT INVESTMENTS

According to preliminary data for 2025, Foreign Direct Investments (FDI) amounted to approximately 1.7 billion USD, which exceeds the 2024 indicator by 8%.

FOREIGN DIRECT INVESTMENTS (MILLION USD)



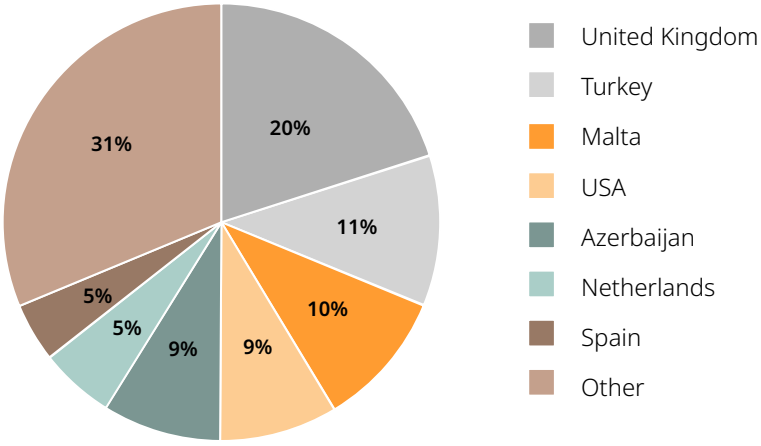
Source: Foreign Direct Investments – National Statistics Office of Georgia

12 MACROECONOMIC OVERVIEW

In 2025, the largest foreign direct investments by country are as follows:

The largest foreign direct investor in Georgia is the United Kingdom – with 20% of total investments, followed by Turkey – 11%, Malta – 10%, USA – 9%, Azerbaijan – 8.5%, Netherlands – 5.4%, and Spain – 4.5%.

FOREIGN DIRECT INVESTMENTS BY COUNTRIES

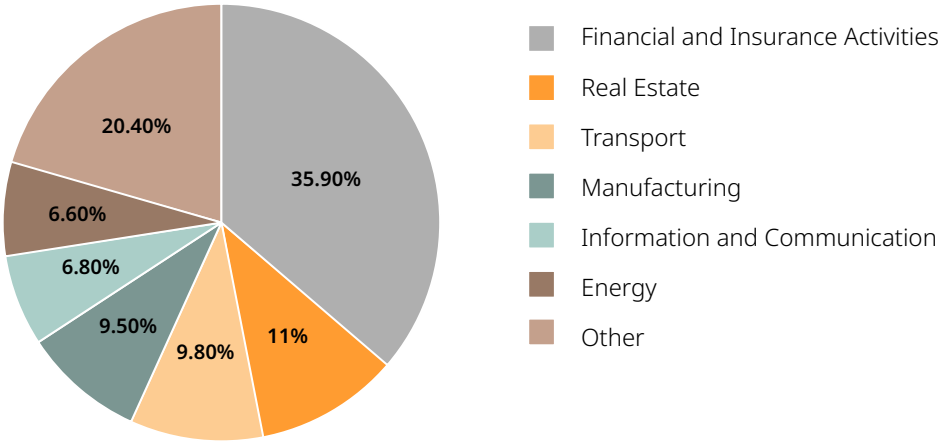


Source: Foreign Direct Investments – National Statistics Office of Georgia

The breakdown of foreign direct investments by sector is as follows:

Financial and insurance activities – 35.9%, Real estate – 11%, Transport – 9.8%, Manufacturing – 9.5%, Information and communication – 6.8%, Energy – 6.6%.

FOREIGN DIRECT INVESTMENTS BY ECONOMIC SECTORS

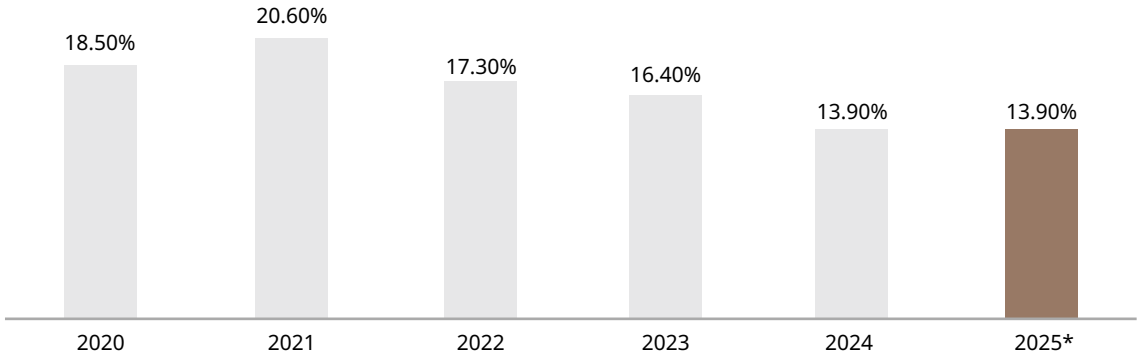


12 MACROECONOMIC OVERVIEW

EMPLOYMENT AND WAGES

In the first quarter of 2025, the unemployment rate increased from 13.9% to 14.7%. However, by the end of the year, this figure decreased to 13.3%, as a result of which, in annual terms, the unemployment rate equaled the 2024 indicator and stood at 13.9% again.

UNEMPLOYMENT RATE



Source: https://www.geostat.ge/ka/modules/categories/37/dasakmeba-khelfasebi

According to preliminary data for 2025, the average monthly nominal wage amounts to 2,282.7 GEL, which exceeds the 2024 indicator by 311.90 GEL.

EXCHANGE RATE AND INTERNATIONAL RESERVES

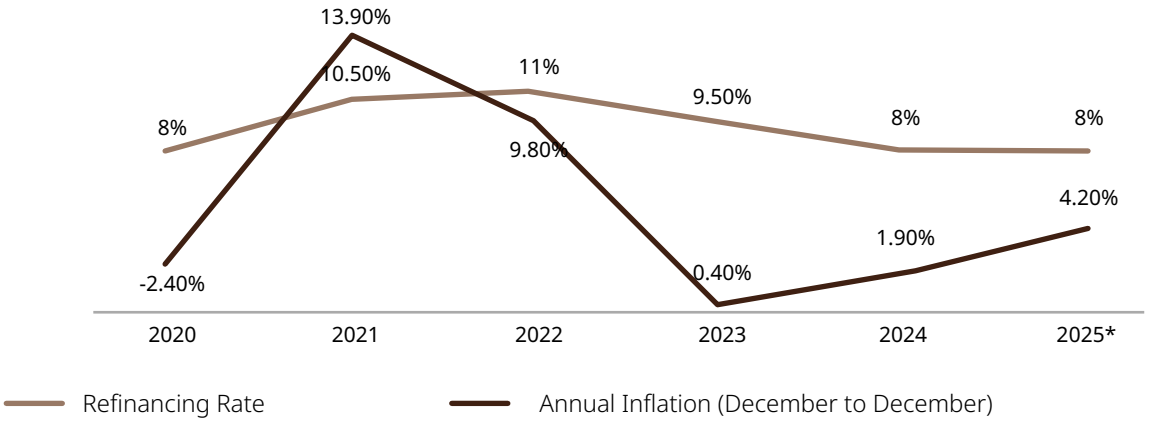
In 2024, the average annual indicator of the real effective exchange rate was -5.9%, while according to 2025 data, this indicator equaled 1.9%.

According to the data of the National Bank of Georgia, as of the end of 2025, the volume of Georgia's international reserves amounted to 6.16 billion USD, which exceeds the 2024 indicator by 38%.

INFLATION AND MONETARY POLICY RATE

In 2025, the average annual inflation (December to December) stood at 4.2%.

In 2025, the refinancing rate remained unchanged and was maintained at the 8% mark.



Source: https://reports.nbg.gov.ge/f1a77cc6-e0e0-4ce1-b184-238b773e44f2/ff299a6a-ea21-416f-a1b9-d6d3122edee2

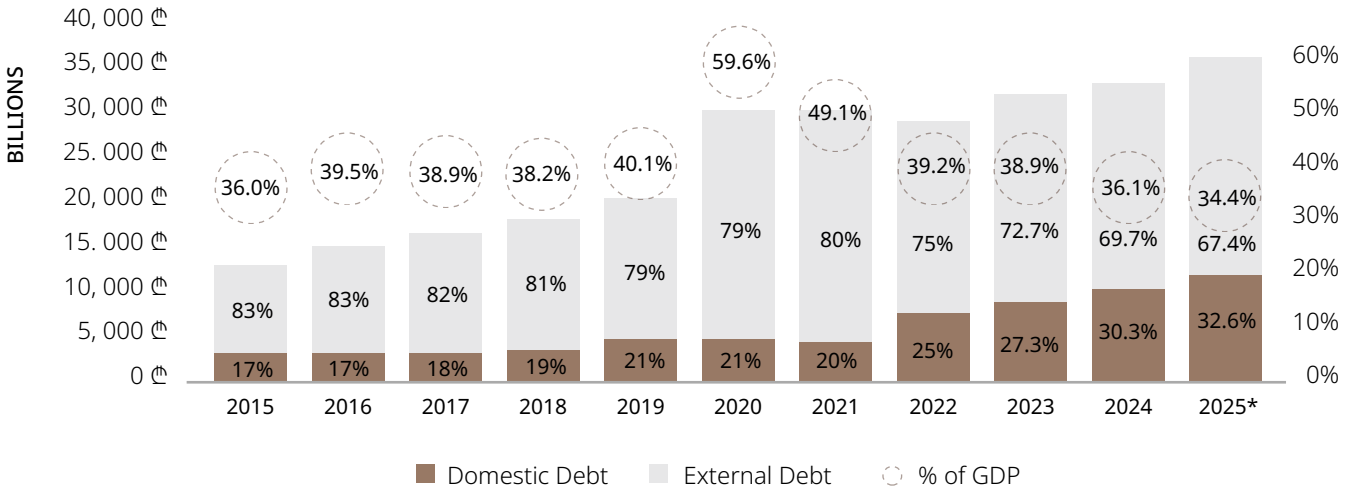
12 MACROECONOMIC OVERVIEW

GOVERNMENT DEBT

As of December 31, 2025, the volume of Georgia's government debt amounted to 35.9 billion GEL, which is 34.4% of GDP. Out of this, external debt is 24.2 billion GEL, and domestic debt is 11.7 billion GEL.

According to the statistical data presented below, the highest volume of Georgia's government debt was recorded in 2020, when the debt-to-GDP ratio reached 59.6%. After 2020, the government debt-to-GDP ratio has been gradually decreasing and dropped to an historically low level of 34.4% in 2025.

PORTFOLIO DYNAMICS



Source: Georgia's Total External Debt

INTERNATIONAL RATING

In 2025, Georgia's sovereign credit rating overall remained unchanged, although corrections were implemented in outlook assessments by individual agencies.

• **S&P Global:** • At the beginning of 2025, the rating agency S&P Global maintained Georgia's sovereign credit rating at "BB" with a "Stable" outlook. Following the next routine review conducted in August, the mentioned rating and outlook remained unchanged.

• **Fitch Ratings:** In November 2025, the rating agency Fitch Ratings left Georgia's sovereign credit rating unchanged at the BB level, and maintained the outlook as "Stable".

• **Moody's:** At the beginning of 2025, the rating agency Moody's left Georgia's sovereign credit rating unchanged at Ba2, while it changed the outlook from "Negative" to "Stable".

12 MACROECONOMIC OVERVIEW

2026 ECONOMIC FORECAST

According to the forecast of the International Monetary Fund, in January-February 2026, Georgia's real GDP growth reached 8.4%. According to the same forecast, the economic growth rate by the end of the year is expected to be within 5.0%. As for inflation, following the 4.0% rate recorded in 2025, inflation stood at 4.3% in March. The International Monetary Fund expects that the inflation rate will remain at a high mark throughout 2026.[1]

According to the forecast of the Budget Office of the Parliament of Georgia, in 2026, Georgia's economy will grow by 5.3%. The real GDP growth forecast for 2026 (5.3%) exceeds the government's economic growth forecast (5.0%) by 0.3 percentage points (pp). According to the Budget Office's forecast, the average annual economic growth rate in the medium-term period (for the years 2025-2029) will amount to 5.6%.

For 2025, inflation will be lower than the target indicator and will reach 2.5%, while according to the government's forecast, inflation in 2026 will amount to 3.0%.

In parallel with the announced economic activities, the ratio of private investments to GDP will reach 17.4% for 2026, will have a growing trend in the medium-term period, and will amount to 20.1% in 2028. According to the government's forecast, the growth of the private investment-to-GDP ratio for 2025 is expected to reach up to 19.2%, will increase in the medium-term period, and will equal 17.8% in 2028.

As for the general budget deficit, in 2026, the general budget deficit indicator of the Budget Office is -2.3%, which differs by 0.2 percentage points from the government's analogous indicator (-2.5%).

The expected current account deficit of the balance of payments for 2026 is 4.3% of GDP, while the government's forecast indicator constitutes 3.8% of GDP. According to the assessment of the Budget Office, the current account balance in the years 2025-2029 will drop to an average of -4.0% of GDP.

According to the Budget Office's forecast, the trade deficit in 2026 will reach 7.6% of GDP, and according to the government's forecast, the deficit will also be 7.3%.[2]

[1] https://www.imf.org/en/news/articles/2026/04/07/cs-04072026-georgia-staff-cs-2026-aiv

[2] https://pbo.parliament.ge/ge/26-16-mo/item/1349-2025-2029.html

MARKET OVERVIEW

13 MARKET OVERVIEW



Georgia's financial sector is divided into four main institutional groups: commercial banks, microbanks, microfinance organizations (MFOs), and non-bank depository institutions.

INSTITUTIONAL CLASSIFICATION AND FUNCTIONAL CHARACTERISTICS

Sector participants differ according to their service scope and the stringency of supervision:

Commercial Banks

They represent universal financial institutions that offer customers a full spectrum of banking services.
They are subject to high-level supervisory standards.

Microbanks

A new, specialized category. Their primary function is lending to micro-entrepreneurship and the agricultural sector.

Credit Portfolio: At least 70% must be directed toward financing business activities.

Credit Limits: The maximum loan amount is 1 million GEL.

Privileges: They have the right to accept deposits (within the insurance system) and open current accounts.

Similar to commercial banks, they are subject to high-level supervisory standards.

Microfinance Organizations (MFO)

Oriented toward small loans.

Credit Limit: The maximum loan amount per borrower or group of borrowers is a maximum of 200,000 GEL.

Restriction: They do not have the right to mobilize deposits.

They are subject to a relatively light supervisory framework.

Non-Bank Depository Institutions

They operate on a closed principle – they accept deposits and issue loans only to their own members.

13 MARKET OVERVIEW

SUMMARY DATA BY INSTITUTION:

Parameter	Commercial Bank	Microbank	Microfinance (MFO)
Max. Loan Limit	Unlimited	1,000,000 ₾	200,000 ₾
Accepting Deposits	Yes	Yes (with limits)	No
Business Focus	Universal	Business/Agro (70%+)	Micro-credits
Supervision	Strict	Strict	Light

MICROBANK SECTOR

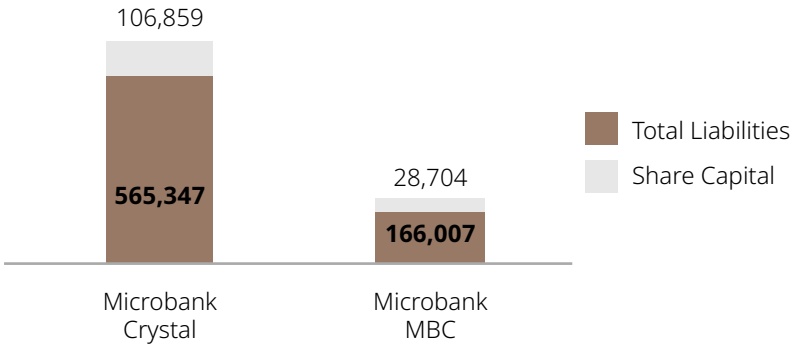
As of the end of 2025, two microbanks were operating in Georgia – MBC and Crystal. MBC obtained its microbank license in December 2024, while Crystal mobilized in February 2025.

It is worth noting that since this document describes the current year, it does not outline the historical trends of the sector, given that the microbank market did not exist during previous years. The overview relies on the historical, consolidated data of the aforementioned two organizations from the period of their microfinance activities to the present day.

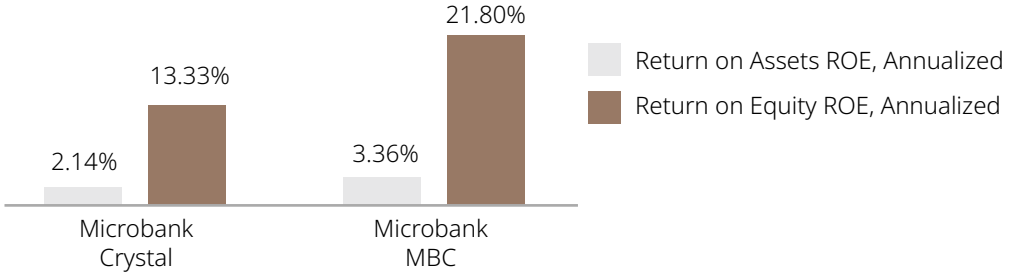
The total assets of microbanks as of 2025 amounted to 867 million GEL. Microbanks funded their operational activities mostly through liabilities, specifically, as of December 31, 2025, the share of liabilities and equity was determined at 84.3% and 15.7%, respectively.

The sector's profitability is characterized by a growing trend – in 2025, the sector's Return on Assets stood at 2.4%, and the Return on Equity at 15.1%.

IN THOUSAND GEL



PROFITABILITY



13 MARKET OVERVIEW

The table shows the core profitability indicators of the microbank sector (in thousand GEL) as of December 31, 2025:

IN THOUSAND GEL

N	Name of the Microbank	Total Assets Volume	Interest Income/Expenses			Profit		
			Total Interest Income	Total Interest Expense	Net Interest Income	Profit on Assets ROA, Annualized	Profit on Assets ROA, Annualized (%)	Profit on Equity ROE, Annualized (%)
Consolidated		866,916	208,208	-65,640	142,568	19,262	2.40%	15.10%
1	Microbank Crystal	672,206	168,332	-51,750	116,583	13,664	2.14%	13.33%
2	Microbank MBC	194,710	39,876	-13,890	25,986	5,598	3.36%	21.80%

BANKING SECTOR

As of December 2025, 17 commercial banks operate in Georgia, including 3 digital banks. According to data published by the National Bank of Georgia, as of December 31, 2025, the total assets of Georgia's banking sector amount to 107 billion GEL, from which the five largest banks account for 90.5% of the total assets of the sector.

Over recent years, Georgia's banking sector developed rapidly, as a result of which the sector's assets increased from 16 billion GEL in 2010 to 107 billion GEL as of December 31, 2025. However, in 2008, commercial banks faced certain difficulties, which exerted a negative impact on indicators such as net profit, assets, and equity growth. According to International Monetary Fund (IMF) data, the deterioration of the situation in 2008 was caused by several factors: in previous years, credit volume grew rapidly, the 2008 Russia-Georgia armed conflict occurred ("2008 conflict"), and the global financial crisis influenced the depreciation of the Lari. Throughout 2009, the sector was stagnant, followed by a continuous growth phase. In 2015, the depreciation of the Lari against the US Dollar had a minor negative impact on Non-Performing Loan (NPL) indicators, though this fluctuation was not sufficient to affect the overall growth trend of the sector. At the beginning of the COVID-19 pandemic, thanks to the macroprudential policy implemented in previous years, the banking system had accumulated adequate liquidity and capital buffers. Furthermore, commercial banks created forward-looking reserves for potential credit losses, which was a precautionary measure against profit declines caused by the pandemic. Consequently, the banking system maintained sustainability, and continuous funding of the economy was ensured. In 2022, a majority of commercial banks fully restored their capital buffers for the sector.

The table shows the core profitability indicators of the banking sector (in thousand GEL) as of December 31, 2025:

N	Name of the Bank	Total Assets Volume	Interest Income/Expenses			Profit		
			Total Interest Income	Total Interest Expense	Net Interest Income	Profit on Assets ROA, Annualized	Profit on Assets ROA, Annualized (%)	Profit on Equity ROE, Annualized (%)
	Consolidated	106,600,214	9,901,364	-4,823,869	5,077,494	3,292,191	3.29%	22.56%
1	TBC Bank	42.474.213	3,904,798	-1,807,124	2,097,675	1,630,530	4.11%	29.90%
2	Bank of Georgia	39,165,008	3,478,435	-1,814,556	1,663,879	1,277,584	3.39%	23.81%
3	Liberty Bank	6,053,045	722,742	-344,771	377,972	126,002	2.28%	18.85%
4	Basis Bank	4,871,507	413,320	-231,620	181,701	110,511	2.56%	17.25%
5	Credo Bank	3,902,635	642,920	-265,011	377,909	92,630	2.73%	21.96%
6	ProCredit Bank	2,264,768	146,339	-71,318	75,021	28,724	1.39%	8.74%
7	Tera Bank	2.240,863	213,763	-128,863	84,901	30,905	1.47%	10.53%
8	Cartu Bank	1,964,899	123,201	-40,193	83,008	38,348	2.05%	8.21%
9	Halyk Bank	1,108,414	92,306	-40,380	51,925	22,228	2.11%	8.49%
10	Pasha Bank	661,662	52,522	-29,308	23,214	2,412	0.37%	1.90%
11	Ish Bank	626,026	40,874	-16,542	24,332	14,275	2.90%	9.30%
12	VTB Bank	440,361	11,986	-10,197	1,788	-54,033	-12.11%	-18.39%
13	Ziraat Bank	402,430	26,202	-9,051	17,151	7,114	2.23%	8.35%
14	Silk Bank	218,997	25,973	-14,826	11,147	-24,227	-10.95%	-37.40%
15	Pave Bank	115,238	1,881	-45	1,836	1,521	2.30%	19.38%
16	Hash Bank	71,953	3,477	-63	3,414	-10,548	-24.96%	-27.02%
17	Paysera	18,194	624	-3	622	-1,784	-8.68%	-19.68%

13 MARKET OVERVIEW

MICROFINANCE SECTOR

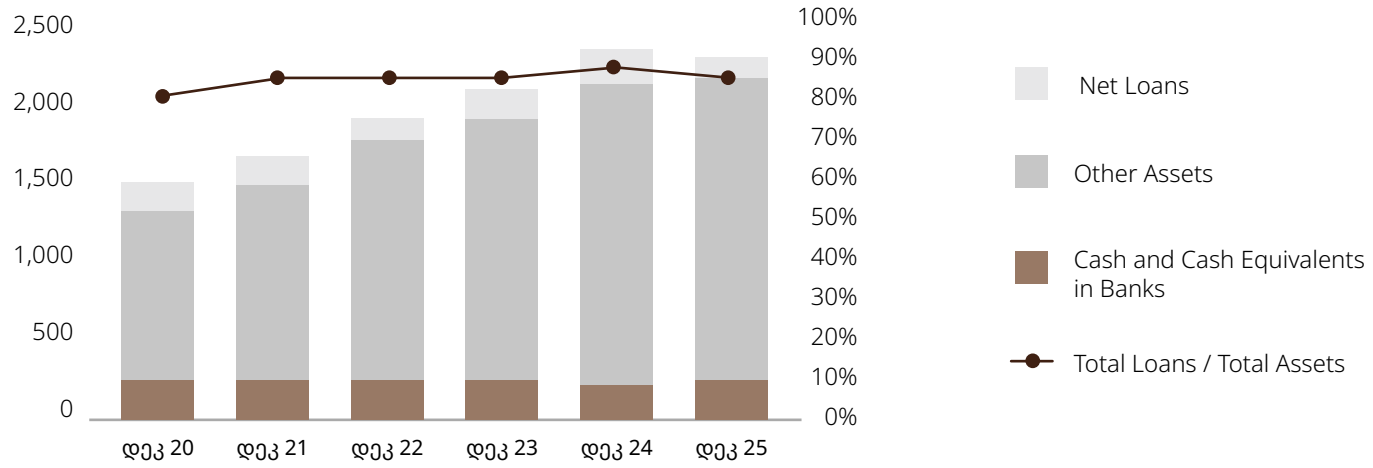
The important stage of development for microfinance organizations began in 2006, when the Parliament adopted the relevant law. Throughout the following decade, the sector experienced significant growth. During 2010-2016, the Compound Annual Growth Rate (CAGR) of the sector's total assets amounted to 36.7%, while the Compound Annual Growth Rate (CAGR) of the total loan portfolio reached 35.9% during the same period.

However, legislative changes implemented in 2017-2020 exerted a significant impact on the development of the sector. These changes included introducing a 50% ceiling on the effective interest rate, restricting loan issuance in foreign currency, implementing responsible lending standards, establishing minimum requirements for capital and liquidity, and other regulations. As a result, the number of microfinance organizations decreased sharply and dropped to 29 by the end of 2025 due to transformation into microbanks.

As of the end of 2025, the total assets of microfinance organizations amounted to 2.2 billion GEL (a -1.5% annualized growth). Compared to 2024, the decrease in asset volume was caused by two large microfinance organizations, whose combined share in total assets amounted to 30%, shifting into the microbank sector.

The dynamics of the microfinance sector's asset structure are presented in the chart below.

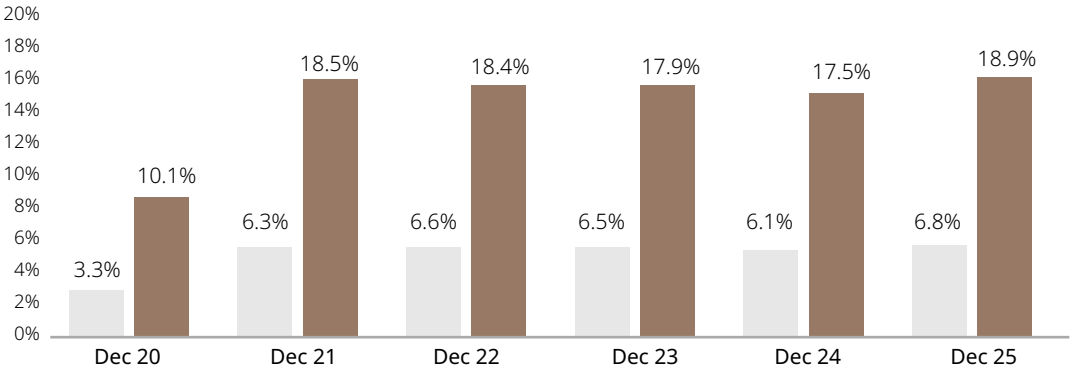
ASSET STRUCTURE



Against the background of a tightened regulatory environment, the profitability of the microfinance sector since 2016 has been characterized by a declining trend. This trend is directly linked to the gradual reduction of the upper limit of the effective interest rate, which was determined at 100% in 2017, and at 50% in 2018. Similar regulatory restrictions led to the exit of non-qualified players from the market. Consequently, under conditions where only qualified microfinance organizations remained in the market, the asset quality improvement starting from 2021 and other factors drove a profitability increase, after which these indicators stabilized at a maintained level. In 2025, the sector's net profit reached 140 million GEL, while ROAA (Return on Average Assets) and ROAE (Return on Average Equity) indicators stood at 6.8% and 18.9%, respectively.

The sector's return on equity has been hovering around the 18% mark in the recent period.

DATA POINTS



BUSINESS MODEL AND STRATEGY

14 BUSINESS MODEL AND STRATEGY



After obtaining the microbank license, MBC transitioned to a new, hybrid operating model. Our main task is to maintain the speed and flexibility that have always represented the company's core values, and simultaneously ensure the reliability, stability, and product diversification characteristic of the banking sector.

In 2025, MBC made a decision at the strategic level to shape itself into a human-centric company that is maximally tailored to customer needs. While this has always been a priority for the company, it has now turned into a strategic objective to make high-quality banking services accessible to every customer – without excessive bureaucratic barriers, under maximally adapted, flexible terms.

An important part of the strategy is the professional development of employees, investing in their knowledge, and supporting interesting career opportunities for them, as well as corporate social and environmental responsibility. Along with this, the company strives to provide reliable partnership to its partners and investors.

MBC acknowledges its impact on the environment, society, employees, partners, and other stakeholders, and actively strives to maximally increase positive impact and minimize any negative impact resulting from its business activities.

With the aim of enhancing operational efficiency and optimizing the decision-making process, significant structural changes were implemented at MBC. The company's operational model was qualitatively refined, implying a rational distribution of functions between the Head Office and service centers. The goal of the changes was the maximum standardization of processes and relieving the administration of service centers from operational burdens, so that the team retains more resources for direct interaction with customers.

The following steps were taken in this direction:

Centralization of Processes: Certain operational functions were fully transferred to the central back-office, which ensured the introduction of a unified standard, minimized errors, and allowed front-line employees to focus directly on the customer.

Optimal Delegation of Authorization: Despite the centralization of processes, the management tier of service centers retained and strengthened its decision-making authority.

The synthesis of these two approaches allowed the company, on one hand, to ensure tight internal control, and on the other hand, to maintain speed and flexibility in service delivery.

14 BUSINESS MODEL AND STRATEGY

STRENGTHENING THE MANAGEMENT TIER OF SERVICE CENTERS

The growth of the organization's scale placed the strengthening of the service center management tier on the agenda. In 2025, MBC's team expanded significantly, and the regional managers' team grew (from two to five members), which allows the company to manage operational processes more effectively and respond instantly to local challenges.

The function of regional managers went beyond mere supervision and encompassed several important directions:

• **Mentorship and Knowledge Sharing:** • Regional managers represent a bridge between the Head Office and service centers. Under their guidance, any novelty – whether a new product or a procedural change – is operationally and accurately integrated into the branches.

• **Direct Involvement in the Work Process:** • Regional managers spend most of their time directly in the service centers, which helps us see and eliminate deficiencies in real time.

• **Quality Control and Analysis:** The regional managers' team ensures constant monitoring of service standards. In-depth data analysis allows us to further refine our service and meet customer expectations.

Strengthening the branch management tier serves MBC's main goal – ensuring that customers receive equally high, professional, and fast service in every branch, regardless of its geographical location.

STRENGTHENING THE RISK MANAGEMENT SYSTEM AND CONTROL MECHANISMS

In 2025, MBC implemented a reform of its credit risk management structure, which aims to maximize asset quality protection and ensure objectivity in decision-making.

The core structural changes encompassed the following:

• **Risk-Oriented Management:** In line with best market practices, the business and auto loan risk committees were separated. This separation allows us to evaluate each segment with its characteristic specific indicators, directly reflecting on portfolio sustainability and quality.

• **Income Assessment Group:** A completely new structural unit was created to perform an independent analysis of the borrower's financial standing. The credit committee makes decisions on loan volumes based precisely on this objective assessment. This approach completely eliminates conflicts of interest and significantly increases the precision of financial analysis.

• **Centralization of the Valuation Function:** The centralization of the real estate valuation process ensured the establishment of a unified standard across the entire network. A centralized model guarantees that property valuation remains independent, objective, and backed by real market data.

The combination of these mechanisms created a multi-layered control system that minimizes credit risks and ensures the company's long-term stability.

STRUCTURAL REFORM OF SERVICE CENTERS AND DIVISION OF FUNCTIONS

In 2025, a significant structural reform was carried out in service centers, aiming to increase service speed and narrow the specialization of team members.

The primary steps taken in this direction include:

• Introduction of the Operator Position: While at the beginning of 2025 each branch had only one operator, by the end of the year, their number increased significantly according to workload.

• Clear Division of Functions Between Credit Experts and Operators: Experts were completely freed from servicing auto loans, allowing them to direct their entire resources toward business and agricultural segment requests.

As a result of the reform, the company achieved a much more flexible structure where each link is focused on its specific task. This, ultimately, reduces client waiting times and significantly improves service quality.

DEVELOPMENT OF THE DISTANT SALES GROUP

Strengthening the distant sales group represents a priority for MBC. This team ensures the effective management of inbound flows from online platforms, providing high-quality consultation and subsequent service to clients. Starting from 2026, the group's scope will expand, and along with credit products, servicing non-credit directions will be added.

To this end, a change in the governance model and full centralization of the process are planned from 2026. While distant sales specialists are currently distributed across various service centers, starting next year, their activities will be conducted in a centralized manner.

FOCUS ON SMALL BUSINESS AND ACCESSIBILITY OF SERVICES

As a microbank, we consider supporting micro, small, and medium-sized businesses to be our strategic priority. In this direction, our credit limit was increased from 100,000 to 300,000 GEL over the past year, and we plan to increase this limit to 1 million GEL in the near future. Unlike commercial banks and microfinance organizations operating in the market, MBC will be focused directly on micro and small entrepreneurs and will actively work to ensure that the company's offers are tailored directly to the interests of this group, making them understandable and acceptable to them.

The strategy of supporting small entrepreneurship and maximizing the accessibility of financial services relies on the company's geographical expansion plan.

We plan to constantly keep our finger on the pulse of micro and small entrepreneurship and offer them high banking standards, reliable, diversified, and high-quality services in the shortest possible time, with less bureaucracy.

Financial service accessibility remains an unchanging priority for MBC. The company's goal is to give the customer a maximum freedom of choice – to receive comprehensive services both through modern digital channels and in physical service centers at locations convenient for them.

Today, MBC is represented in 8 regions of Georgia with 18 service centers. During the reporting year, one more service center was added to the Tbilisi network. In parallel, the development of digital channels is actively underway – work on online and email banking projects is in an active phase. Throughout 2026, both platforms will practically be launched into operation, responding to the company's core development strategy – digital accessibility.

DIGITAL TRANSFORMATION AND FINANCIAL SERVICES STRATEGY

Creating a digital ecosystem represents one of the most critical pillars of MBC's development. Our goal is to offer customers a seamless financial experience without physical barriers, where receiving any service is possible remotely, while maintaining high security standards.

AUTOMATED DECISION-MAKING SYSTEM

In 2025, MBC implemented an automated data analysis system designed specifically for checking unsecured agro-loans. This technology allows the company to fundamentally change the specifics of working with farmers and ensure rapid access to finance, which is necessary for the uninterrupted execution of seasonal agricultural works.

The implementation of the system brought several important advantages to the company, including: the ability to make instantaneous decisions on-site, directly during a visit to the farm, reducing the process to 15-20 minutes reduction, and minimizing the risk of human error through a special algorithm.

14 BUSINESS MODEL AND STRATEGY

The project's success laid the foundation for a complete transformation of decision-making processes, which is why the system will expand and be gradually implemented across the company's other products, primarily in the auto loan direction.

REMOTE IDENTIFICATION

Today, the remote identification service is critically important for auto loans, where the customer goes through a full digital cycle: from submitting the application to the moment the loan is issued. This means that the customer can complete every stage remotely, making it one of the fastest and most convenient solutions on the market.

In parallel, this service is accessible to any customer interested in other products and provides the opportunity to remotely check credit options.

At this stage, active work is underway to expand functionality in the following directions: fully remote onboarding in online banking, remote account opening, and email banking.

INTERNATIONAL TRUST AND A DIVERSIFIED FUNDING MODEL

The sustainability of MBC's business model is driven by a high level of diversification in funding sources and active positioning on the capital market.

As of today, the company attracts financial resources from the following core channels:

• **Own Debt Securities (45.34%) -** The largest share of funding comes from bonds placed on the capital market, which underscores high investor trust toward the company.

• **International Financial Institutions (40.89%) -** A significant component comprises funds attracted from international institutional investors, confirming governance system transparency and high rating verification.

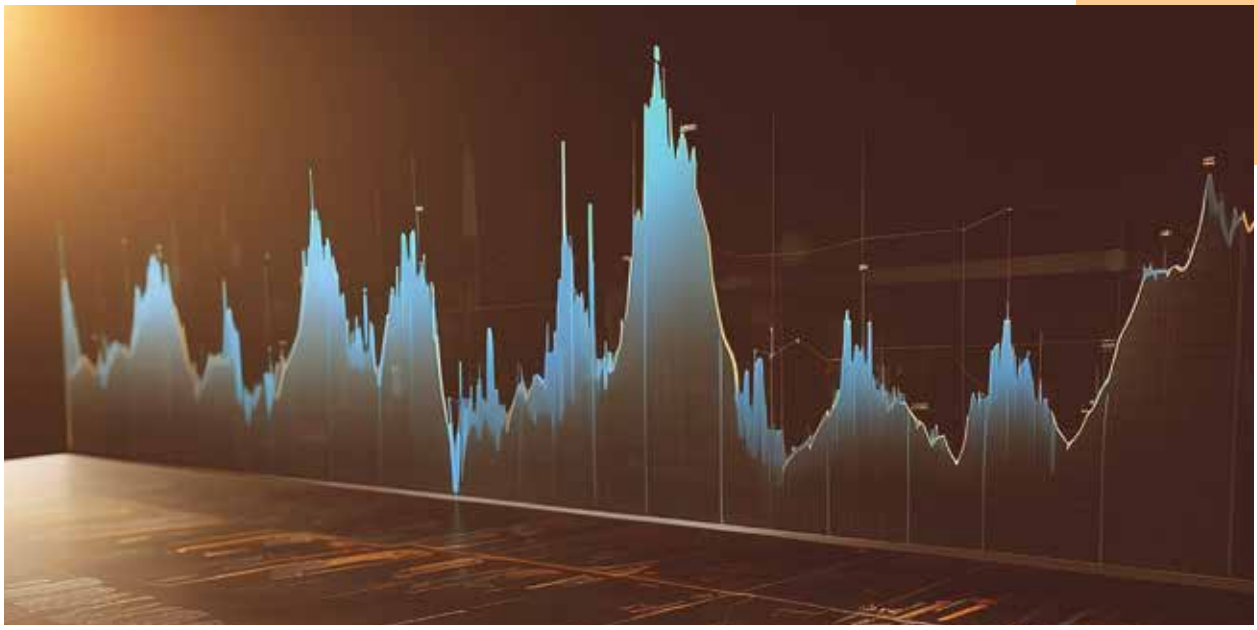
• **Physical and Legal Persona (11.52%) -** Capital mobilized from local sources holds a stable position in the funding structure.

• **Deposits (2.25%) -** Despite the share of deposits being currently small at this stage, the company's strategic plan outlines qualitative growth in this precise direction.

Operating with microbank status allows the company to turn retail deposits into one of its leading and strategic funding instruments. Such a redistribution of resources will further strengthen MBC's financial stability and create a solid foundation for future large-scale growth.

OVERVIEW OF CORE RESULTS

15 OVERVIEW OF CORE RESULTS



The year 2025, as the first year of operating under microbank status, was full of significant novelties and challenges for MBC. The company successfully executed its activities with the new status. As the first microbank in Georgia, this event represents an important precedent for the entire market, which will subsequently promote sector diversification and the reinforcement of healthy competition in the financial market.

Despite the challenges associated with operating under the new status, the company's total loan portfolio showed an unprecedented, recent-years' record 28% growth by the end of 2025 and amounted to 153.2 million GEL. Acceleration of the growth rate was significantly driven by additional capabilities received through the new license – specifically, the expansion of the credit limit per borrower.

While under the microfinance organization status MBC issued loans up to a maximum of 100,000 GEL, as a microbank, it was given the opportunity to increase the lending limit up to 1,000,000 GEL. This change provided the company with the capability, on one hand, to enter the larger loan market, and on the other hand, to retain those customers whose financial needs exceeded 100,000 GEL.

Currently, MBC is represented across Georgia with 18 service centers. The efficient functioning of this network is precisely one of the primary factors that drove the credit portfolio growth during the reporting period.

Along with this, the number of active borrowers also increased by 7% and exceeded 9,900 as of December 2025. Notably, regional service centers provide services to 70% of the total number of customers.

₾ 153,239 MILLION (+28%)	9,915 (+7%)	70%
LOAN PORTFOLIO	ACTIVE BORROWERS	SHARE OF REGIONAL SERVICE CENTERS

As a result of the increase in attracted funds, MBC's total liabilities by the end of 2025 showed a 25% growth and amounted to 165.024 million GEL. The company successfully managed to attract new resources at competitive prices, both in foreign and national currencies.

During 2025, within the framework of the "Enterprise Georgia" capital market support program, MBC placed 2-year bonds worth 60 million GEL on the Georgian Stock Exchange. The issuance was carried out with the support of "TBC Capital" and was the fourth in a row for the company.

15 OVERVIEW OF CORE RESULTS

The bonds were purchased by local commercial banks. Notably, within the framework of this issuance, a new investor joined MBC – the Pension Agency of Georgia. This represents the first precedent of partnership with a microbank from the Pension Fund's side. The insurance company "Imedi L" also became a new partner of the company, which likewise purchased MBC's bonds.

The successful issuance of bonds significantly improved the company's liquidity position: short-term liabilities were refinanced with relatively long-term resources. Additionally, this process exerted a positive impact on a material reduction in the encumbered assets ratio.

₾ 154,742 MILLION (+36%)

VOLUME OF ATTRACTED FUNDS

₾ 60 MILLION

BONDS

Compared to previous years, the company's total equity grew significantly. The growth reached 23%, which is driven by the improved profitability metrics in 2025. MBC's accumulated profit amounted to 5.5 million GEL.

For years, MBC has been actively collaborating with a leading European rating company – Scope Ratings. At the end of 2024, the organization improved its credit rating from B to B+, while in 2025, it maintained the mentioned indicator.

According to Scope Ratings' assessment, MBC consistently confirms its own financial stability in compliance with strict international standards. The company's risk management system fully aligns with those regulatory requirements and frameworks established for banks operating in the Georgian market.

The company's primary direction is lending to small and medium-sized businesses, which fully corresponds to the microbanks' mandate. According to the mentioned mandate, no less than 70% of a microbank's credit portfolio must be oriented precisely toward business lending.

INVESTOR RELATIONS AND FINANCING

16 INVESTOR RELATIONS AND FINANCING



The year 2025 was outstanding for MBC in terms of deepening cooperation with international partners. During the reporting period, the company acquired numerous strategic partners and attracted significant financial resources. In the same year, a successful issuance of bonds was carried out, which once again confirms investor trust toward the company.

In the aforementioned direction, the expansion of MBC's activities was underpinned by the formation of the Investor Relations Group as a separate structural unit in 2024. As a result of the reform, in 2025 it became possible to grow the partner network, deepen existing connections, and achieve positive results.

During the reporting period, MBC significantly increased the maturity of attracted funds. While prior to 2024, the maximum maturity of loans received from international partners and local commercial banks was 2 years, in 2025 the company attracted 5-year resources from local banks, and the maturity of all loans received from international partners exceeded 3 years.

At the same time, the company successfully managed both to attract new investments and to cover existing liabilities or refinance them with new resources.

In 2025, funds attracted from international partners totaled 54 million GEL, which is twice as much compared to the analogous period of the previous year. Furthermore, in 2025, INECOBANK became a new international partner of MBC, from which significant financial resources were mobilized.

Throughout 2025, within the framework of the "Enterprise Georgia" capital market support program, MBC placed 2-year bonds worth a total of 60 million GEL on the Georgian Stock Exchange. The mentioned issuance was the fourth in a row for the company.

The bonds were purchased mainly by local commercial banks. Notably, within the framework of this issuance, the Pension Agency of Georgia joined MBC's investors, representing the first precedent of partnership with a microbank from the Pension Fund's side. Additionally, the insurance company "Imedi L" joined the ranks of MBC's partners, which likewise purchased the company's bonds.

Attracting financial resources in the national currency is a strategic priority for MBC, serving to minimize currency risks. Notably, in 2025, the company attracted more resources in GEL than in foreign currencies. Specifically, the total volume of funds attracted in the national currency amounted to 28.7 million GEL, constituting 53% of total investments received from international partners.

For years, MBC has been actively collaborating with a leading European rating company – Scope Ratings. At the end of 2024, the organization improved its credit rating from B to B+, while in 2025, it successfully maintained the mentioned indicator.

16 INVESTOR RELATIONS AND FINANCING

According to Scope Ratings' assessment, MBC consistently confirms its own financial stability. The company's risk management system fully aligns with those regulatory requirements and frameworks established for banks operating in the Georgian market.

MBC's goal is to further solidify stable, sustainable, and development-oriented partner relations with both international and local financial institutions.

LOCAL FINANCIAL PARTNERS

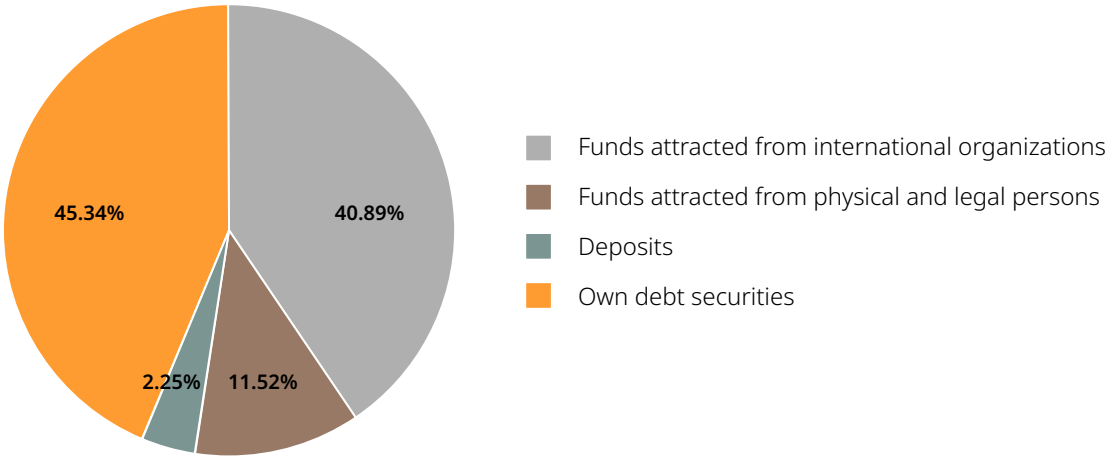
INTERNATIONAL FINANCIAL PARTNERS

₾ 54,4 MILLION
FUNDS ATTRACTED FROM INTERNATIONAL ORGANIZATIONS

₾ 15,2 MILLION
FUNDS ATTRACTED FROM PHYSICAL AND LEGAL PERSONS

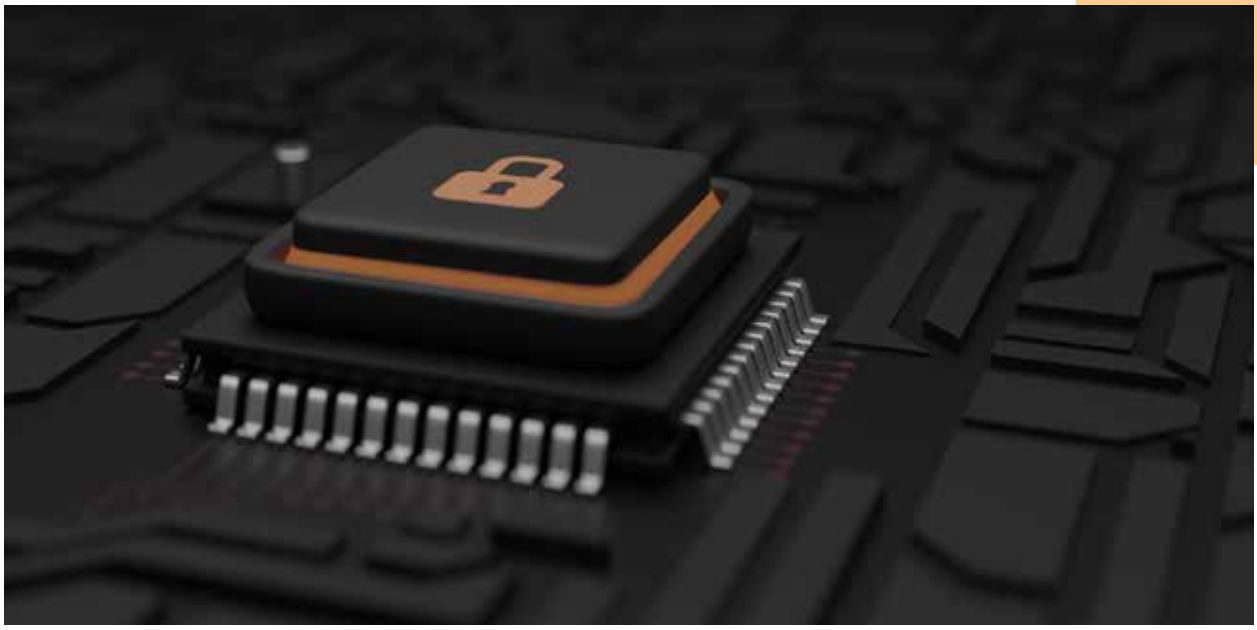
₾ 2,9 MILLION
DEPOSITS

₾ 60 MILLION
OWN DEBT SECURITIES (BONDS)



DIGITAL TRANSFORMATION AND INNOVATIONS

17 DIGITAL TRANSFORMATION AND INNOVATIONS



In 2025, MBC actively pursued the implementation of strategic initiatives in the direction of information technology development. Technological progress remains a top priority for the company and is directly reflected in increasing operational efficiency and improving customer experience.

Throughout the past year, particular attention was dedicated to the development of digital products and services, aiming to expand remote service channels for customers and increase accessibility.

In parallel, significant steps were taken toward the institutional strengthening of the information technology team. Specifically, the project management (PM), business analysis (BA), and quality assurance (QA) functions were optimized. This structural improvement ensures the efficient realization of ongoing and planned strategic initiatives.

The year 2025 turned out to be a breakthrough for MBC in terms of remote service development. The company began active work on forming a technological ecosystem that will offer customers a fully digital experience – from digital onboarding and account opening to using credit or non-credit products.

INFORMATION TECHNOLOGY PROJECT MANAGEMENT AND DIGITAL PRODUCTS

In the first half of 2025, the creation and testing of a scoring application for the agro direction was completed. Based on a scoring model, this system ensures the automation of the loan decision-making process. From the second half of the year, the application became accessible to front-office employees as an efficient decision-making tool. Along with this, the refinement of the scoring system continued throughout the year – alongside the agro direction, work began on other loan product categories. For 2026, the integration of at least one additional loan product into the scoring system is planned.

In 2025, the development of the online banking web application began, representing one of the most critical stages in the development of the company's digital channels. The launch of the application in pilot mode is planned for the first half of 2026, while its wide-scale accessibility is scheduled by the end of 2026. In the next stage, the development of a mobile banking application is planned, which will further expand remote service capabilities for customers.

In parallel with online banking, the creation of the email banking product began in 2025, providing customers with the opportunity to receive remote banking product services. The launch of the product in pilot mode is planned for the second quarter of 2026, while its mass offering to clients will take place in the first half of 2026. (Note: The original text textually contains a slight chronological discrepancy here regarding the pilot and mass roll-out halves).

Additionally, a security system related to card products was created and implemented in 2025, serving as a necessary prerequisite for card product development. In this direction, the launch of an international card issuance project is planned for 2026.

17 DIGITAL TRANSFORMATION AND INNOVATIONS

Throughout the year, work was underway to align core banking systems with business requirements. Technical aspects related to account opening and banking transfers were improved, and system integration with the National Bank's RTGS system was ensured. Additionally, target commercial products were created and launched in pilot mode.

In 2025, the research phase began, and a decision was made regarding the implementation of a loan management system, which will significantly simplify and accelerate the workflow of front-office employees. Active work on this project is planned from 2026.

Within the scope of innovative initiatives, the creation of an HR assistant software program, which is based on artificial intelligence and represents a digital channel for employee communication, was ensured. This platform will allow employees to quickly receive information regarding internal regulations and working instructions. The pilot launch of the project is planned for the end of the first quarter of 2026, while in subsequent stages, its gradual development and expansion are envisioned, including for use in customer interaction processes.

In 2025, work began on the company's refreshed website, with its launch on the market planned for the second half of 2026.

INFORMATION TECHNOLOGY INFRASTRUCTURE AND SECURITY

In 2025, the core phase of workspace and network infrastructure modernization, which began in 2024, was completed. The refreshed infrastructure ensures a stable, secure, and scalable operating environment for the company, representing a significant foundation for the successful execution of further digital transformation initiatives.

Infrastructure development will continue in the subsequent period, in accordance with business requirements and technological needs.

INFORMATION TECHNOLOGY INFRASTRUCTURE AND SECURITY

Infrastructure development will continue in the subsequent period, in accordance with business requirements and technological needs. In 2025, significant attention was dedicated to the cybersecurity direction. The information security team was reinforced, and the acquisition and implementation of modern software software were carried out, aiming to increase the protection of the company's information assets and reduce cyber risks.

In the process of strengthening cybersecurity in 2025, a decisive role was played by the implementation of the SIEM (Security Information and Event Management) system. This technology represents a centralized "management panel" for the company's digital infrastructure, which collects and analyzes information from all devices in real time. Through SIEM, the security team is given the capability to instantly detect hidden threats and perform an automated response, minimizing human error during incident management and ensuring continuous monitoring.

In terms of information asset protection, another critical step was the implementation of a DLP (Data Loss Prevention) system. This software ensures a specialized, confidential approach to preventing data leaks, which in turn implies maximum protection of users' personal and banking information. The DLP system automatically controls every channel of data transfer and blocks any unauthorized attempt, whether sending information via email or transferring it to external devices, thereby eliminating both accidental and intentional data leaks.

The implementation of these two systems not only strengthens technical defense mechanisms but also brings the company's operations into full compliance with international standards and regulatory requirements. Investing in SIEM and DLP technologies is clear proof that MBC's priority is maintaining a healthy digital environment and the effective, modern management of cyber risks.

In the process of improving the Information Security Management System (ISMS), the company's core regulatory documentation was fully refreshed and aligned with international standards in 2025. Specifically, existing policies and working instructions were revised in accordance with the ISO/IEC 27001 standard and the requirements of the National Bank of Georgia's cybersecurity framework. Documentation refresh aims to formalize information asset management processes, clearly define responsibilities, and create a solid legal foundation that ensures cyber-risk prevention and methodical response to incidents at all levels of the organization.

With the purpose of strengthening network security, the update of Firewall (network filter) systems was carried out, and new, modern technologies were added. This allows efficient control of inbound and outbound traffic, filtering of malicious activities, and reinforcement of the company's internal perimeter defense against external attacks.

MBC will continue investing in the development of cybersecurity systems and processes in the future as well, in order to ensure compliance with regulations and maximum protection of customer data.

KEY RISKS AND UNCERTAINTIES

18 KEY RISKS AND UNCERTAINTIES



Every material risk that could impact the microbank's financial standing, operational stability, and reputation is identified and managed. Risk identification and management are carried out within a unified risk management framework.

The microbank manages the following core risks:

CREDIT RISK
Given the nature of the bank's activities, credit risk represents one of its most characteristic core risks. It implies the risk of financial loss due to a counterparty's failure to fulfill obligations assumed under a financial transaction. The credit risk position arises from the bank's lending operations, as well as from other financial transactions executed with partners, which lead to the generation of financial assets and credit-related off-balance sheet obligations. Clearly, credit risk is a crucial factor for both banks and banking supervisory authorities. The cornerstone of the bank's credit strategy represents forming a diversified and profitable credit portfolio, while simultaneously maintaining its maximum quality.

OPERATIONAL RISK
The risk of loss resulting from inadequate or failed internal processes, human errors, system disruptions, or external events. It also encompasses fraud risks, information technology, and cybersecurity risks. The microbank continuously ensures the identification, analysis, and documentation of those operational risks that could exert an impact on the execution of strategic goals and business activities. To ensure effective operational risk management, the RCSA methodology was developed at the microbank. This methodology ensures the early detection of deficiencies in systems and the assessment of control mechanisms.

COMPLIANCE RISK
The risk of financial, legal, or reputational damage caused by violating standards established by current legislation, regulations, and/or internal policies. This risk encompasses AML/CFT risks, customer protection requirements, and fair and transparent messaging standards. Compliance risk management at the microbank is based on the three lines of defense model. The compliance function represents an important component of the second line of defense and ensures the alignment of the microbank's activities with both internal and regulatory requirements. Managing compliance risk at the microbank reduces the probability of legal and financial loss and ensures sustainable development.

FINANCIAL CRIME RISK
The risk of financial, legal, and reputational damage for the microbank associated with the use of the microbank's products, services, channels, and systems for money laundering (Money Laundering), terrorist financing (Terrorist Financing), or other financial crime purposes. This risk is considered a significant component of compliance risk and represents one of the critical risks, the inadequate management of which may lead to significant sanctions, license restrictions, or reputational damage. At the microbank, the assessment of ML/TF risks is carried out based on a risk-based approach, which encompasses customer risk assessment, transaction monitoring, sanctions screening, identification of suspicious transactions and reporting, as well as regular AML risk assessment.

CYBER RISK
Represents the risk of loss, operational disruptions, data leaks, or reputational damage arising from cyberattacks directed against information systems, networks, databases, and digital channels, or from technological glitches. At the microbank, cyber risk assess-

18 KEY RISKS AND UNCERTAINTIES

ment is conducted within systematic and continuous processes, while its management relies on security and regulatory standards. Cyber risk is integrated into the operational risk management framework and represents an important component at the third line of defense model level.

LIQUIDITY RISK
Arises from mismatches existing in the maturity structure of assets and liabilities. This risk implies the probability that at the moments of covering attracted funds or fulfilling obligations related to other financial instruments, the microbank may not possess sufficient liquid resources. At the microbank, liquidity risk management encompasses cash flow forecasting, maintaining an adequate level of liquid assets, and stress testing.

MARKET RISK
Market risk arises as a result of fluctuations in the fair value or cash flows of financial instruments, which is driven by market factors. This risk encompasses currency risk, interest rate risk, and other market risks. Market risk is generated from positions in financial instruments that are linked to general and specific market changes or fluctuations in market prices and currency exchange rates.

CURRENCY RISK
The microbank is fully aware of the risk of potential losses incurred on assets and liabilities as a result of foreign exchange rate fluctuations. Regarding currency risk, the microbank's strategy is not to engage in speculative operations via foreign currency positions. Effective management of currency risk ensures capital protection, financial stability, and minimization of potential losses caused by exchange rate volatility for the microbank.

INTEREST RATE RISK
For the microbank, interest rate risk is driven by traditional banking activities, which is linked to asset and liability maturity mismatches or repricing risks. Mismatches may exert a direct impact on income and capital. Effective management of interest rate risk is critical for ensuring the stability of the microbank's profitability and capital adequacy.

MACROECONOMIC RISK
Macroeconomic risk represents the risk of a negative impact on the microbank's financial standing, capital adequacy, and operational results, which is driven by changes in the macroeconomic environment. This risk reflects external factors that are beyond the bank's direct control, though they exert a significant impact on its risk profile.

ESG RISK
ESG risks represent the risk of financial, operational, and reputational damage for the microbank, which is linked to environmental (Environmental), social (Social), and governance (Governance) factors. The microbank, through its own activities, may exert a direct or indirect impact on society and the environment where it operates. Accordingly, it faces social and environmental risks, as well as the risk of potential damage caused to the environment or people by project activities financed by the microbank during the lending process.

RISK MANAGEMENT FRAMEWORK

19 RISK MANAGEMENT FRAMEWORK



The Risk Management Committee represents a body established under the Supervisory Board, which ensures independent oversight and effectiveness assessment of the risk management framework within the microbank. The Committee's core role is to ensure that the risk appetite assumed by the microbank aligns with defined risk aspects, strategic objectives, and capital capabilities, and that the risk management system remains adequate, efficient, and fully integrated into the microbank's operations.

Goal of the Risk Management Committee:

- Strategic oversight of the risk management system;
- Supporting the definition of the microbank's risk appetite and controlling its compliance;
- Assessing the adequacy and effectiveness of the risk management framework;
- Supporting the assurance of capital and liquidity adequacy;
- Ensuring timely identification and escalation of significant risks;
- Strengthening the risk culture at all levels of the organization.

The Risk Management Committee represents a critical link within the microbank's governance system, providing an independent, objective view on risk management and ensuring timely, comprehensive, and reliable reporting to the Supervisory Board regarding the microbank's risks.

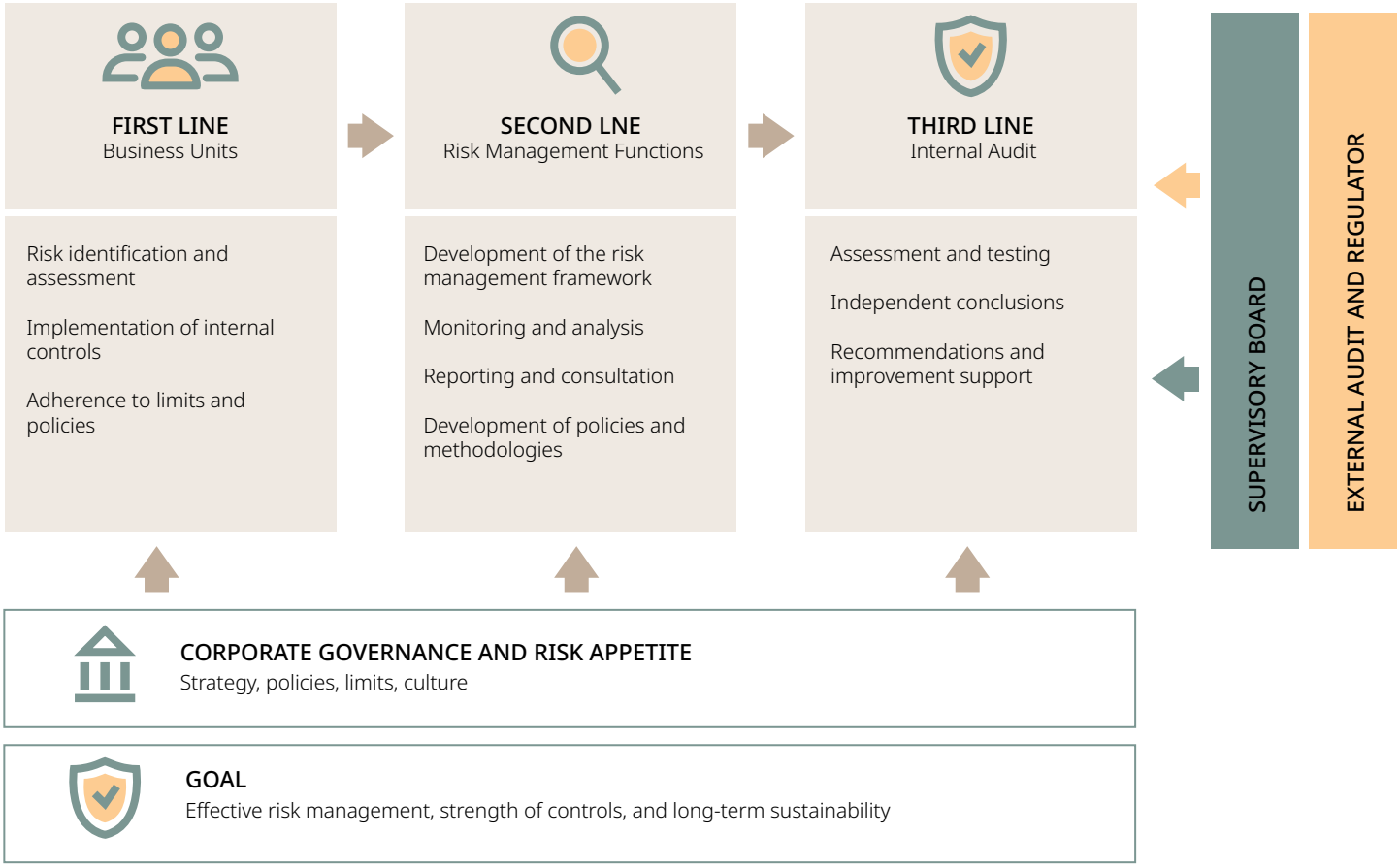
Core Functions and Responsibilities of the Risk Management Committee:

- Reviewing the Risk Appetite Framework and submitting recommendations to the Supervisory Board;
- Assessing the compliance of the risk appetite with the bank's strategic plan;
- Regular review of risk management policies, procedures, and methodologies;
- Assessing capital adequacy and buffers, taking into account the risk profile;
- Regular review of credit, market, liquidity, operational, and compliance risks;
- Analyzing portfolio quality, concentrations, and risk trends;
- Identifying and controlling significant risk concentrations;
- Assessing the effectiveness of the three lines of defense model;
- Supervising the adequacy of the internal control system;
- Reviewing significant control systems and monitoring corrective measures;
- Reviewing significant risk incidents and losses;
- Evaluating root cause analysis;
- Monitoring preventive and mitigating measures;
- Reviewing consolidated risk reports;
- Preparing recommendations for the Supervisory Board;
- Supporting communication with the regulator in case of necessity.

19 RISK MANAGEMENT FRAMEWORK

THREE LINES OF DEFENSE STRUCTURE

To ensure effective risk management and control, the bank utilizes the three lines of defense model, which ensures a clear division of responsibilities and effective oversight.



RISK MANAGEMENT STRUCTURE AND KEY PRINCIPLES

20 RISK MANAGEMENT STRUCTURE AND KEY PRINCIPLES



A microbank's activities are linked to various types of financial and non-financial risks, the effective identification, assessment, monitoring, and management of which represent an important part of the microbank's strategy and corporate governance. The microbank operates within a pre-defined risk appetite, which is approved by the Supervisory Board, and its review and update are carried out regularly.

An integrated risk management framework is implemented at the microbank, ensuring the identification, assessment, monitoring, and effective management of every material risk associated with its activities. The mentioned framework relies on the principles of the Basel Committee on Banking Supervision and regulatory requirements.

The primary goals of the microbank's risk management system include:

- Ensuring the bank's financial sustainability and capital adequacy;
- Minimizing potential financial and non-financial losses;
- Supporting business growth within controlled risk boundaries;
- Improving and strengthening the internal control system;
- Ensuring full compliance with regulatory requirements;
- Early risk identification and preventive management;
- Implementing a risk-based approach in the decision-making process.

In the risk management process, the microbank utilizes both quantitative and qualitative assessment methods.

For effective risk management, structured and systemic approaches are applied, encompassing:

- **Identification** - Timely detection of new and existing risks;
- **Assessment** - Quantitative and qualitative analysis of risks;
- **Mitigation** - Implementation of appropriate controls and limits;
- **Monitoring** - Continuous control over risk dynamics and limit compliance;
- **Reporting** - Providing regular and timely information regarding risks to management and the Supervisory Board.

An important foundation for the risk management and internal control system at the microbank is created by the "three lines of defense model," which represents an internationally recognized structure of internal control and ensures a clear distribution of responsibilities, control, and independence within the organization strengthening of oversight. With the implementation of this model, the microbank ensures a clear distribution of risk management responsibilities across various levels, which significantly reduces operational, financial, and compliance risks. It ensures business stability, risk control, and long-term sustainable development.

20 RISK MANAGEMENT STRUCTURE AND KEY PRINCIPLES

The primary goals of the "three lines of defense" model in the microbank are:

- Ensuring the efficiency and sustainability of the risk management system;
- Developing a risk ownership culture within the organization;
- Strengthening the internal control system and timely detecting control deficiencies;
- Ensuring independent oversight;
- Compliance with regulatory requirements;
- Supporting the microbank's strategic goals within controlled risk boundaries;
- Preventing and minimizing financial losses.

FIRST LINE OF DEFENSE (Business Units):

The first line of defense is the risk owner and is responsible for daily risk management. It encompasses every business and operational unit that directly generates and manages risk in daily activities.

The functions and responsibilities of the first line of defense include: identifying risks within their activities, assessing risks in accordance with established methodologies, implementing and executing primary controls, adhering to defined limits and policy-procedures, participating in the RCSA process, primary monitoring of key risk indicators, and primary risk assessment of new products and processes.

SECOND LINE OF DEFENSE (Risk and Compliance Functions):

The second line of defense ensures that risk management within the microbank is carried out within the defined risk appetite boundaries and regulatory requirements. It ensures the development of the risk management framework, methodological support, and independent oversight over the first line.

The functions and responsibilities of the second line of defense include: developing and updating risk management policies and procedures, formalizing and monitoring the risk appetite, risk identification and assessment methodology definition, developing limits and controlling their compliance, independent monitoring and control of the first line, preparing risk reports and submission to management/committees, monitoring compliance with regulations, independent risk assessment of new products and processes, and supporting the development of a risk culture within the microbank.

THIRD LINE OF DEFENSE (Internal Audit):

The third line of defense in the microbank is represented by the internal audit function, which operates independently and objectively, and ensures the assessment of the risk management and internal control system.

The functions and responsibilities of the third line of defense include: assessing and testing the efficiency of the risk management framework and controls, independent auditing of first and second-line activities, identifying internal control system deficiencies, issuing recommendations and monitoring their fulfillment, reporting audit results, and presenting them to the Supervisory Board and Audit Committee.

All three lines of defense in the microbank operate in a coordinated manner, while adhering to the principle of independence:

- The first line owns the risk and manages it;
- The second line establishes the rules and controls compliance;
- The third line assesses and ensures independent analysis.

Information exchange across all three lines is carried out through regular reporting, committees, and other information exchange mechanisms. This structure ensures the transparency, efficiency, and compliance of the microbank's risk management system with regulatory requirements.

20 RISK MANAGEMENT STRUCTURE AND KEY PRINCIPLES

SIGNIFICANT PROJECTS IMPLEMENTED IN 2025 FOR STRENGTHENING RISK CONTROL AND FUNCTIONS

- Throughout 2025, the bank implemented a number of significant initiatives aimed at strengthening the risk management framework, increasing the efficiency of internal control, and ensuring compliance with regulatory requirements:
- The operational risk identification and assessment methodology was improved, and the RCSA standard was developed;
- Cyber risk management mechanisms were strengthened, including information security controls, access management systems, and incident response processes;
- Data quality management processes were improved;
- Risk-based decision-making practices were strengthened;
- Credit portfolio monitoring and early warning mechanisms were enhanced;
- Standardization, automation, and centralization of decision-making by credit committees were carried out;
- The methodology for determining expected credit losses was updated and brought into compliance with banking standards.

APPROACH TO EFFECTIVE RISK MANAGEMENT

For effective risk management, structured and systemic approaches are applied, encompassing:



CORPORATE GOVERNANCE

21 CORPORATE GOVERNANCE



MBC's corporate governance system as a microbank fully complies with international standards, principles, and best practices. The effective functioning of the company is ensured by a clearly defined organizational structure, which includes:

- Clear distribution of responsibilities;
- Proper delegation of accountability and authority;
- Sound administration;
- Effective identification, management, and reporting of risks;
- Adequate internal control;
- Financial planning and reporting;
- Relevant policies and procedures.

To ensure governance stability and smooth functioning of the microbank, the authorities are strictly separated among the supervisory, executive, and controlling bodies. The functions of these bodies fully ensure the company's management and eliminate duplication.

The main governance bodies of the microbank are:

- General Meeting of Shareholders;
- Supervisory Board;
- Directorate.

GENERAL MEETING OF SHAREHOLDERS AND SUPERVISORY BOARD

The General Meeting of Shareholders represents MBC's highest governing body. Shareholders' rights are defined by the company's Charter and are regulated by the current legislation of Georgia.

The microbank's activities are overseen by the Supervisory Board, which is elected by the General Meeting of Shareholders. The Board is authorized to make decisions regarding MBC's strategic development directions, supervises the activities of executive bodies, and is accountable to the General Meeting of Shareholders.

The microbank's Supervisory Board is composed of 3 members, among whom two are independent members and they lead the Audit and Risk Committees. Women represent 33% (one member) of the Supervisory Board's composition.

The main responsibility of the Supervisory Board is to protect shareholders' rights and their capital, as well as to define the strategic directions of the microbank's activities. In addition, the Board's functions include approving the organizational structure, exercising oversight over executive bodies, and establishing and maintaining a healthy corporate environment through their continuous evaluation.

21 CORPORATE GOVERNANCE

The Board also ensures the existence of appropriate conditions for effective internal control and risk management, monitors the microbank's compensation system, approves long-term strategic plans, risk appetite, and budgets, and controls their execution.

The Audit and Risk Committees operate under the Supervisory Board.

Audit Committee: The primary objective of the Audit Committee is to ensure the smooth, transparent, and effective functioning of the organization's internal control, risk management, and reporting systems, which serves to strengthen the trust of stakeholders and support the Supervisory Board in its oversight functions.

The Committee monitors the internal control system and ensures the compliance of the organization's activities with legislation and regulations. The functioning of the Audit Committee enables the Supervisory Board to receive reliable information, which forms the basis for making effective managerial decisions.

Risk Committee: The primary objective of the Risk Committee is to establish a risk-oriented management culture in the organization and to ensure integrated, sustainable, and effective risk management systems. To support the Supervisory Board, the Committee oversees and assesses the following key aspects: defining the organization's risk appetite; compliance of risk management policies, standards, and procedures with structural smooth operations and adequacy; effectiveness of capital and liquidity management strategies; processes for effective management of credit, market, operational, reputational, ESG, and other types of risks; the soundness of risk-related reporting systems, including Pillar 3 reporting and monitoring of ESG (Environmental, Social, and Governance) issues.

DIRECTORATE

MBC's daily operational management is led by the Directorate, which is responsible for the successful execution of the company's strategic goals. Each member of the Directorate is jointly responsible for the microbank's activities before the Supervisory Board, which, in turn, appoints the members of the Directorate.

Along with other key functions, the Directorate ensures the execution of the organization's business strategies, creates and embeds an effective system for financial and non-financial risk management and risk culture, oversees business processes and internal control, and regularly provides the Supervisory Board with the information necessary for its functioning.

In addition, the Directorate is responsible for the functional distribution of duties among the microbank's employees and the formation of an effective governance structure, which ensures high standards of accountability and transparency within the company.

The microbank's Directorate consists of 4 members – Chief Executive Officer, Chief Commercial Officer, Chief Operating Officer, and Chief Risk Officer. The rules of appointment, terms, and regulation of activities for the members of the Directorate are defined by the legislation of Georgia, the microbank's Charter, and the regulations of the Directorate.

MBC attaches great importance to gender and ethnic diversity in governing bodies, based on professional work experience. The company cooperates and fills managerial positions with independent individuals based on work experience, education, professional knowledge, and necessary skills. Gender equality is maintained in the composition of the Directorate, which is expressed in the 50% representation of women (two members out of four).

SUSTAINABLE DEVELOPMENT MANAGEMENT

At MBC, the responsibility for the effective implementation of corporate sustainability and ESG (Environmental, Social, and Governance) issues, as well as ensuring their alignment with the microbank's long-term business strategy, rests with the Supervisory Board.

The development, implementation, and management of the corporate sustainability strategy, relevant approaches, and policies, as well as the effective management of social and environmental risks in financing processes, fall within the competence of the microbank's Directorate.

At the same time, the daily management of issues related to corporate sustainability and ESG factors is ensured by the Operations Department, specifically – the Human Capital Management and Corporate Sustainability Division, which is accountable to the Chief Operating Officer.

Governance principles and structures related to sustainable development and ESG issues are reflected in the microbank's internal documents and management processes. The list of these documents includes, but is not limited to, the following: Code of Ethics, ESG Policy, Anti-Discrimination and Sexual Harassment Prevention Policy, Personal Data Protection Policy, Financial Crime and Anti-Money Laundering Policy, Risk Management Policy, and others.

21 CORPORATE GOVERNANCE

During the current year, the microbank continues strategic development toward sustainable management and is oriented toward continuous improvement of operational sustainability and efficiency. Within this approach, the company developed an ESG Policy and an ESG Risk Management Framework, ensuring the systematic integration of environmental, social, and governance factors into daily operations and decision-making processes.

CODE OF ETHICS

In 2025, MBC updated its Code of Ethics, representing a significant step forward for our corporate governance and responsible business practice. The refreshed code better reflects modern business environment requirements and international standards, while simultaneously reinforcing the company's core values and principles of conduct.

The Code of Ethics encompasses critically important directions for the company's activities and defines both general ethical principles and banking relationship standards with core stakeholders. The document regulates relationship rules with customers, employees, and stakeholders, and also includes interest conflict management and whistleblowing obligations, ensuring transparent, responsible, and ethical banking activities.

FINANCIAL CRIME AND ANTI-MONEY LAUNDERING POLICY

In 2025, the microbank updated its policy on facilitating the prevention of money laundering and terrorist financing, which further strengthens the company’s compliance framework and risk management practices. The updated policy reflects the requirements of current regulations and international best practice, ensuring the improvement of control mechanisms and a clear definition of employees' responsibilities in this direction.

The policy is directly linked to the microbank's corporate sustainability principles. Specifically, it ensures the reinforcement of responsible governance, effective risk management, and transparency. A strong compliance system supports financial crime prevention, increases stakeholder trust, and ensures the company's long-term sustainability and minimization of reputational risks.

Its role is particularly important in the microbank transformation process. The updated compliance framework ensures full compliance with the requirements of the National Bank, strengthens internal control mechanisms, and creates the foundation for forming a sustainable, reliable banking institution compatible with international standards.

MEMBERS OF SUPERVISORY BOARD

22 MEMBERS OF SUPERVISORY BOARD



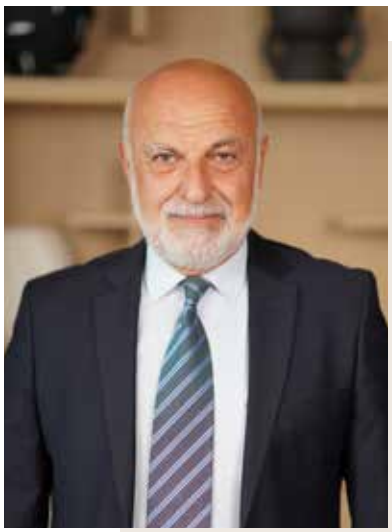
MURMAN AMBROLADZE
Chairman of the Supervisory Board

Murman Ambroladze has been a partner of MBC and a member of the Supervisory Board since 2014. Since 2025, he has held the position of the Chairman of the Supervisory Board.

In 1993, together with Gia Petriashvili, he founded a commercial bank – JSC "BasisBank" and served as its Director for years, and in 2008-2012, he was a member of the Supervisory Board of "BasisBank".

From 2017 to the present, Murman Ambroladze is one of the founders and directors of the "Free Academy Group".

Murman Ambroladze holds a Master's and a Doctoral degree in Mathematics from Moscow State University and is the author of numerous scientific papers. He started his pedagogical career at the Higher Mathematics Department of Tbilisi State Technical University.



VALERI CHECHELASHVILI
Independent Member of the Supervisory Board, Chairman of the Audit Committee

Valeri Chechelashvili graduated from Kyiv State University, Faculty of International Relations and International Law, specializing in International Economic Relations, and holds a Doctoral degree in International Economics.

Since 1989, he was active in the field of diplomatic relations and held various positions in the Ministry of Foreign Affairs of Georgia – from Second Secretary to Deputy Minister. In 2005, Valeri Chechelashvili was the Minister of Finance of Georgia, and in 2005-2007, he held the position of First Deputy Minister of Foreign Affairs.

In 1994-1998, he was the Ambassador Extraordinary and Plenipotentiary of Georgia to Ukraine, and in 2004-2005 – to the Russian Federation. In 2000-2004, Valeri Chechelashvili held the position of Secretary General of the Organization of the Black Sea Economic Cooperation, and in 2007-2016 – the position of Secretary General in the Organization for Democracy and Economic Development (GUAM).

In 2000-2004, as the Secretary General of the Organization of the Black Sea Economic Cooperation, he participated in the work of the Board of Governors of the Black Sea Trade and Development Bank (an affiliate body of the Organization of the Black Sea Economic Cooperation) in accordance with the bank's charter.

In 2002-2012, he was a shareholder of "BasisBank".

Since 2016, Valeri Chechelashvili is a Senior Fellow at the Georgian Foundation for Strategic and International Studies (Rondeli Foundation).

He is awarded various medals and orders and is the author of several dozen publications in the field of regional economic cooperation and international relations.

22 MEMBERS OF SUPERVISORY BOARD



SOPHIO TSKHVITAVA

Independent Member of the Supervisory Board, Chairwoman of the Risk Committee

Sophio Tskhvitava has been a member of Microbank MBC's Supervisory Board and the Chairwoman of the Risk Committee since 2025. She has many years of professional experience in the banking and microfinance sectors.

In 2005, Sophio was awarded a Bachelor's degree in Economics and Business Administration by the International Black Sea University, and in 2007, she obtained a Master's degree in Social Sciences from the same university.

From 2006, she worked at "ProCredit Bank" in various positions. From 2007, she held the position of AML Officer, and from 2010 – the position of Senior AML Officer. In 2013-2018, she was an experienced auditor at the same bank.

In 2018, Sophio Tskhvitava joined the MBC team and held the position of Operational Risks Manager until March 2019.

In 2019-2024, Sophio Tskhvitava held the position of FINCA Network Support B.V.'s FINCA Group Compliance Officer, and from 2024 to the present, she is the Senior Compliance Manager of the FINCA Group.

Sophio Tskhvitava possesses many years of knowledge and practical experience in the fields of banking and microfinance. From 2023 to the present, she actively provides consulting services to various organizations.

MEMBERS OF A BOARD OF DIRECTORS

23 MEMBERS OF A BOARD OF DIRECTORS



GIA PETRIASHVILI
Chief Executive Officer

Gia Petriashvili, after many years of experience in the banking sector, founded the company MBC in 2012 and has held the position of General Director since the day of its establishment.

Since 1993, Gia Petriashvili was the founder and the first Chairman of the Supervisory Board of JSC "BasisBank", and in 1998-2012, he was a member of the Supervisory Board of the same bank.

From 1999, he was active in an investment firm funded by OPIC – "Caucasus Fund" as a founder and Managing Director, and in 1992-2002, he was the Director of the Tbilisi office of LLC Caucasus Advisors.

In 2002-2005, Gia Petriashvili was a founder and Managing Director of LLC "Entertainment Center Meidani" and in 2006-2009, he founded and led a real estate investment company – LLC "Slo-Laq Investors".

Gia Petriashvili holds a Master's and a Doctoral academic degree in Theoretical and Mathematical Physics from Moscow State University. He started his scientific career at the Institute for High Energy Physics of Tbilisi State University in the position of a scientist-researcher. He was also an invited scientist-colleague at the Moscow Institute for Nuclear Research.



ETER CHACHIBAIA
Chief Operating Officer

Since 2013, **Eter Chachibaia** has been a member of the MBC team. Her supervisory scope as Chief Operating Officer encompasses the following directions: centralized back-office, telephone and remote services, marketing, human resource management, PR and corporate sustainability, logistics and procurement, information technologies, and customer experience management directions.

For many years, Ether Chachibaia was employed at "BasisBank" and "HSBC Bank Georgia" – in operational, retail, and corporate service directions.

In addition, at various times she was active in international organizations and the non-governmental sector.

Ether Chachibaia holds a Master's degree in International Economics.

23 MEMBERS OF A BOARD OF DIRECTORS



GIORGI GHVALADZE
Chief Commercial Officer

Giorgi Ghvaladze has been working at MBC since 2013. Throughout his career, he led the Credit and Non-Credit Sales Departments, and currently holds the position of Chief Commercial Officer. He has many years of versatile and multifaceted experience working in the banking and financial sector.

Giorgi Ghvaladze started his career in 2005 at "Bank Konstanta" in the position of a Credit Expert. In parallel with his professional growth, he held various managerial positions, among which he was a Branch Manager, as well as the Head of Micro and Micro-Agro lending directions.

Giorgi Ghvaladze graduated from Tbilisi State University and holds a Bachelor's degree in Economics. In 2006, he was awarded a Master of Business Administration (MBA) degree by the Caucasus Academic Center (CAC). Currently, he is an MBA student at the Free University.



NINO DEVDARIANI
Chief Risk Officer

Nino Devdariani has held the position of Chief Risk Officer at MBC since 2016 and leads directions such as credit and operational risks, AML (Anti-Money Laundering and Counter-Terrorism Financing), legal department, information and cyber security, financial reporting, investor relations, problem asset management, and real estate valuation.

In 2008-2013, she worked at the National Bank of Georgia in the direction of international reserves risk management and control, and in 2014-2016, she was active at the Ministry of Finance of Georgia in the direction of state debt risk management.

Nino Devdariani holds a Master's degree from Williams College (USA, 2014) and is a World Bank scholar.

SUPERVISORY BOARD AND SHAREHOLDER MEETING MATTERS

24 SUPERVISORY BOARD AND SHAREHOLDER MEETING MATTERS



GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders represents the company's highest governing body, whose authorities, mandate, role, and responsibilities are defined by the company's Charter, the Law of Georgia "On Entrepreneurs," and legal acts of the National Bank of Georgia.

The convening of the General Meeting of Shareholders takes place in accordance with the procedures established by the microbank's Charter and current legislation, and is conducted in the form of an Annual (Ordinary) General Meeting or an Extraordinary General Meeting. Notice of convocation is sent to shareholders by the Chairman of the microbank's Supervisory Board (or in their absence, by another member of the Supervisory Board) and/or, by assignment of the Supervisory Board, by the Chief Executive Officer. Shareholders are notified of the time, venue, and items to be discussed (agenda) of the meeting. This practice ensures transparency, shareholder awareness, and their active involvement in the management of the company.

Decisions at the General Meeting are made by a simple majority of votes of the shareholders participating in the voting, except for cases provided by the Charter and the Law. The General Meeting is chaired by the Chairman of the Supervisory Board, or in their absence, by a person defined by the microbank's Charter. Members of the microbank's Directorate and Supervisory Board attend and actively participate in the work of the General Meeting, ensuring a comprehensive review of the agenda items and constructive collaboration.

The competence of the General Meeting of Shareholders includes, among others and not limited to:

- Appointing members of the Supervisory Board (Committees) and determining the budget of the Supervisory Board (Committees);
- Making decisions regarding capital increases/decreases;
- Making decisions regarding the distribution and use of net profit;
- Introducing amendments to the Charter and approving its new edition;
- Making decisions regarding the reorganization of the microbank;
- Making decisions on other matters assigned to the competence of the General Meeting by the Charter and current legislation.

24 SUPERVISORY BOARD AND SHAREHOLDER MEETING MATTERS

During 2025, one Ordinary and two Extraordinary General Meetings of Shareholders were held. At the General Meetings, particular attention was dedicated to the company's microbank transformation process and its implementation status at the internal organizational regulatory framework level. Furthermore, in 2025, changes were implemented in the composition of the Supervisory Board, and policies and procedures were updated to bring them into compliance with the microbank regulatory framework – including in risk management and other key functional areas. Decisions made at the General Meetings ensure the company's compliance with regulatory and supervisory requirements and build the foundation for its sustainable development.

SUPERVISORY BOARD

The company's organizational structure relies on appropriate oversight, clear accountability, and the optimal distribution of functional responsibilities. The highest governing tier of the company's risk management system is represented by the Supervisory Board, which is responsible for corporate governance, creating a strong risk management system, and defining corporate values. It defines the company's values, vision, mission, organizational structure, and ensures that the company is managed in full compliance with fairness, competence, professionalism, and ethical principles. The Supervisory Board acts in accordance with current legislation, legal acts of the National Bank of Georgia, the company's Charter, and the "Supervisory Board" regulations, ensuring transparency, independence, and accountability in its activities.

The "Supervisory Board" regulations clearly define the mandate of the Supervisory Board, business directions, functional duties, restrictions related to Board membership, and other key matters. The regulations, among other things, govern conflict of interest management mechanisms, procedures for appointing and dismissing Board members, and accountability rules.

The Board plays a significant role in assessing the company's sustainable development, the effectiveness of the risk management system, and internal controls. It closely collaborates with the Directorate and the compliance function, ensuring the making of informed decisions and taking into account the company's long-term business strategies.

To ensure compliance with the microbank regulatory framework and supervisory requirements, changes were implemented in the composition of the company's Supervisory Board in 2025.

From January 17, 2025, the Supervisory Board has been composed as follows:

- **MURMAN AMBROLADZE** - Chairman of the Supervisory Board
- **VALERI CHECHELASHVILI** - Senior Independent Member, Chairman of the Audit Committee
- **SOPHIO TSKHVITAVA** - Independent Member, Chairwoman of the Risk Committee

The Supervisory Board is composed of members with diverse skills, professional experience, and qualifications, which is critically important for ensuring the effectiveness of governance and objective assessment of risks, considering the specifics of microbanking and the regulatory environment. Furthermore, the involvement of independent members is particularly important for managing conflicts of interest and ensuring an adequate assessment of the company.

Each member of the Supervisory Board stands out with high professional qualifications and multifaceted, successful professional experience in areas such as: finance, internal control and audit, banking and non-banking sectors, strategic management, corporate governance, crisis management, and reputational risk assessment. The combined experience of the Supervisory Board ensures high standards of strategic oversight, risk management, and management support, contributing to the company's long-term and sustainable growth.

One of the top priorities of the Supervisory Board is to form a strong and effective risk management system and ensure its smooth functioning, in full alignment with the company's scale, organizational structure, and risk profile.

24 SUPERVISORY BOARD AND SHAREHOLDER MEETING MATTERS

The competence of the Supervisory Board includes, among others:

- Defining the company's strategy;
- Determining the company's organizational structure, including defining roles and responsibilities;
- Encouraging best practices of risk culture, supporting effective communication, constructive discussion, and accountability among employees;
- Defining the risk appetite as a result of collaboration with the Chief Risk Officer and other members of the Directorate;
- Ensuring compliance of the company's activities with legislation, including supervisory requirements.

The Supervisory Board, to perform its assigned functions and duties, meets at least once a quarter and manages meetings; moreover, in case of necessity, it is authorized to increase the frequency of meetings. Decisions made at the meetings are documented, and the minutes are provided to the National Bank of Georgia no later than 10 (ten) working days from the date the meeting was held.

According to 2025 data, a total of 20 meetings of the Supervisory Board were held, which points to the active involvement of the Supervisory Board in the management and oversight of the company's activities. The matters reviewed by the Board encompassed both operational and strategic directions, including, but not limited to, financial results, risk management, and the assessment of the Directorate's performance. The decisions made are based on the company's long-term strategy, informed risk management, and full compliance with regulatory requirements.

The Supervisory Board will actively continue its involvement in the company's strategic management, the sustainable development of the microbank, and maintaining high standards of financial stability and corporate governance in the future as well.

SUPERVISORY BOARD COMMITTEES

To increase the efficiency of the Supervisory Board's activities, the Audit Committee and the Risk Management Committee were established in the microbank from the members of the Supervisory Board, in accordance with accountability rules to the Board, restrictions related to committee membership, and business directions defined by the respective regulations. The goal of the committees is to support the Board in its oversight function, improve the quality of decisions, and ensure effective control over the company's activities.

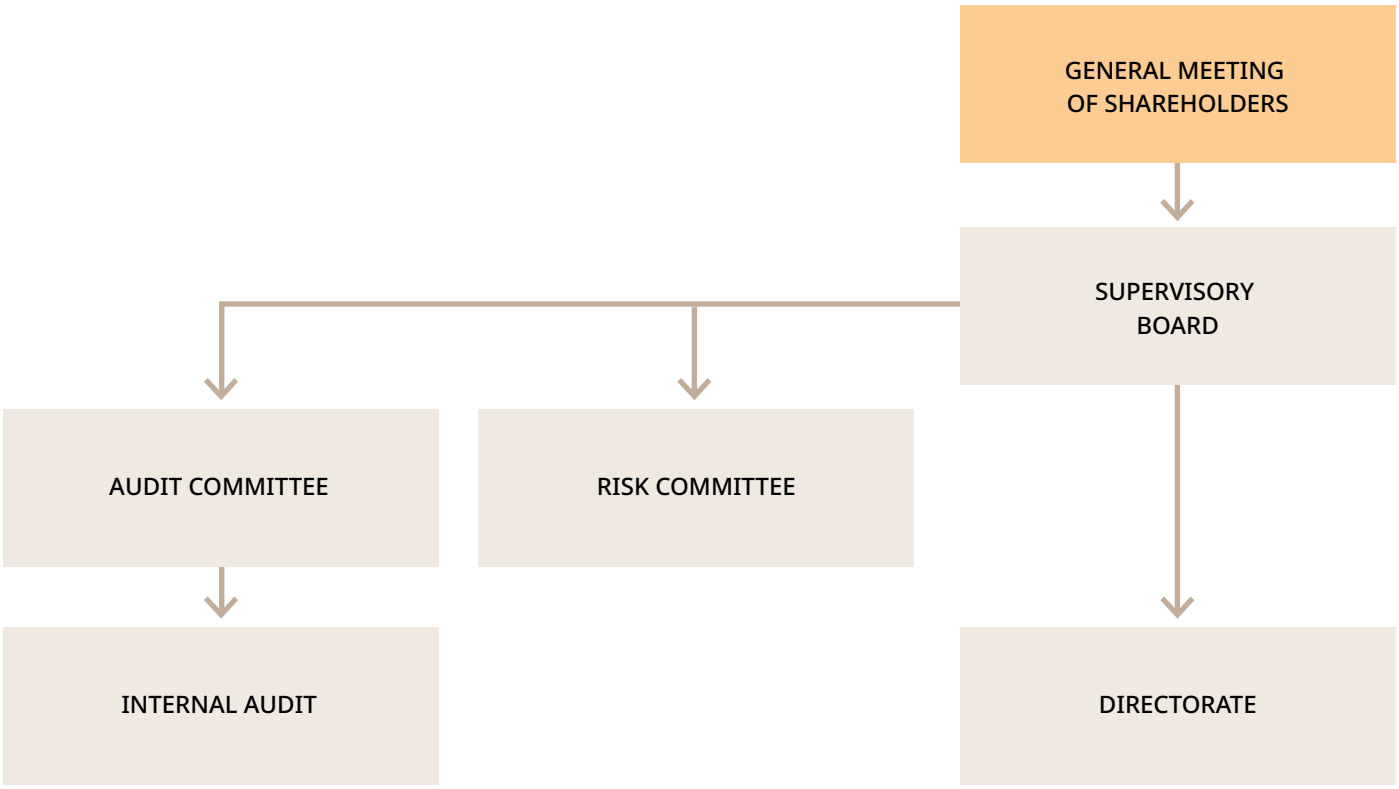
The committees are composed in compliance with the rules established by the legal acts of the National Bank of Georgia. Each committee executes its activities within a pre-defined mandate and regularly submits reports and recommendations to the Supervisory Board.

The committees are authorized to request and receive any information related to the company's activities in the desired format and precision, as well as, in case of necessity, independently meet with representatives of internal audit and risk management functions, external auditors, and consultants.

Committee meetings are held at least once a quarter; along with this, if necessary, the frequency of meetings can be increased. Decisions made at the meetings are documented and provided to the Supervisory Board and the National Bank of Georgia.

24 SUPERVISORY BOARD AND SHAREHOLDER MEETING MATTERS

STRUCTURE OF THE SUPERVISORY BOARD



AUDIT COMMITTEE

25 AUDIT COMMITTEE

The Audit Committee is responsible for the reliability of the company's financial reporting, the effectiveness of the internal control system, and the oversight of internal and external audit functions. The Committee executes its activities in accordance with the company's Charter, "Audit Committee" regulations, current legislation, and legal acts of the National Bank of Georgia.

The Audit Committee plays a significant role in raising corporate governance quality, ensuring financial transparency, and bringing the company's activities into compliance with regulatory requirements and international standards. The Committee ensures independence, effective cooperation with the external auditor, and proper monitoring of the financial reporting process.

The composition of the Audit Committee is formed by members of the Supervisory Board, including independent members, which ensures objectivity and impartiality in the decision-making process. The Committee is led by a senior independent member, which aligns with best corporate governance practices.

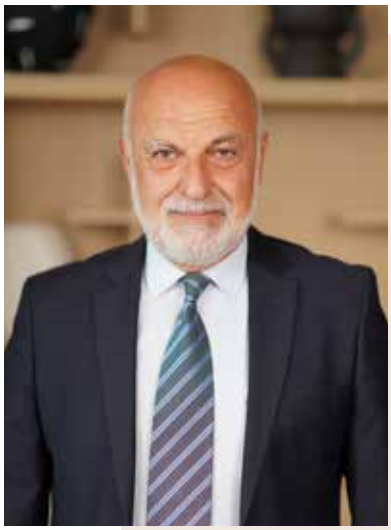
During 2025, the Audit Committee held six meetings, within the framework of which the reviewed matters and core decisions made were linked to the following topics:

- **FINANCIAL REPORTING AND EXTERNAL AUDIT** - The Committee reviewed and approved the 2024 financial reporting, evaluated recommendations presented by the external auditor and their implementation statuses. Additionally, monitoring of the selection process of the external auditor for the 2025 and 2026 financial and management reporting audits and assessment of their independence were carried out. The results of the IT audit and cybersecurity framework audit reviewed by the Committee are critically important for the company's technological risk management.
- **INTERNAL AUDIT AND INTERNAL CONTROL** - The Audit Committee was actively involved in supervising the internal audit function. During the meetings held throughout 2025, the Committee reviewed and approved documents such as:
  - Internal audit strategy and work plans;
  - Quarterly and annual reports on internal audit activities;
  - Results of internal audit activities;
  - Internal audit operational regulations (charter, manual, and code of ethics);
  - Internal audit budget, including its training plan, employee remuneration amounts, and relevant corrections;
  - Follow-up results of monitoring recommendations issued by internal and external audit.

  In addition, particular attention was dedicated to developing a risk-based audit approach.
- **COMPLIANCE WITH REGULATORY REQUIREMENTS** - In 2025, the Audit Committee dedicated particular attention to bringing the company's activities into compliance with the microbank regulatory framework and requirements of the National Bank of Georgia. In this direction, review of changes implemented in the internal audit work plan, taking into account regulatory requirements, as well as review of the results of the IT audit and cybersecurity assessments and planning subsequent measures were carried out.

Throughout 2025, the Audit Committee executed its activities based on high standards of professionalism, independence, and integrity. The decisions made by the Committee were directed toward increasing the company's financial transparency, strengthening the internal control system, and ensuring effective risk management.

25 AUDIT COMMITTEE



LETTER FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

Dear Shareholders and Partners,

The year 2025 proved to be a turning point for the company, driven by obtaining the microbank license and transitioning the company to a new stage. This transformation further heightened the importance of corporate governance quality, reliable financial reporting, and efficient internal control systems.

Despite the fact that transparency of financial reporting has always been a priority for the company, the process of transformation into a microbank further strengthened this direction and gave it a systematic character. To ensure this, the Audit Committee implemented renewed approaches and practices, contributing to a more consistent and structured financial reporting and control process. Throughout 2025, one of the committee's main priorities remained assessing the quality and reliability of financial reporting. In this regard, the audited financial statements of 2024, the external auditor's conclusion, and recommendations were reviewed, and progress on their implementation was systematically monitored. Additionally, the committee was actively involved in the process of selecting the external auditor, paying particular attention to the assessment of their independence and objectivity.

Supervision in the direction of internal audit was further strengthened. Taking into account the needs of the microbank transformation, the priorities of the internal audit were updated, relevant plans were approved, and monitoring over the implementation of recommendations was tightened. Special attention was paid to developing a risk-based audit approach and ensuring its effective implementation.

One of the significant challenges for the company is digital transformation, which is why the Audit Committee paid special attention to this direction last year. External audit inspections were conducted in the areas of information technology and cybersecurity, and action plans for the implementation of priorities and recommendations were defined.

Compliance with regulatory requirements has always been important for the company, however, in 2025, alongside the transformation process, the committee enhanced its monitoring mechanisms and systematically controlled compliance with the requirements and regulatory waiver obligations of the National Bank of Georgia. The Audit Committee believes that the activities carried out in 2025 made a significant contribution to ensuring the transparency of financial reporting, strengthening internal control systems, and developing corporate governance practices, which creates a solid foundation for the company's sustainable development.

In 2026, the Audit Committee, in close cooperation with the Risk Management Committee, will continue to work on such priority areas as further improving the quality of financial reporting, increasing the efficiency of the internal audit function, strengthening information security, and ensuring full compliance with regulatory requirements, including those considering the new stage of microbank operations.

The Audit Committee expresses its gratitude to the company's shareholders and partners for their expressed trust and support, and once again confirms its commitment to the principles of transparency, responsible governance, and sustainable development.

VALERI CHECHELASHVILI

Chairman of the Audit Committee

RISK MANAGEMENT COMMITTEE

26 RISK MANAGEMENT COMMITTEE

The Risk Management Committee is responsible for overseeing the effectiveness of the company's risk management framework, ensuring operations within the risk appetite, and continuously monitoring the risk profile. The committee performs its activities in accordance with the company's charter, applicable legislation, and legal acts of the National Bank of Georgia.

The Risk Management Committee plays a significant role in ensuring the company's sustainability, identifying, assessing, and managing risks, as well as evaluating the effectiveness of risk management measures implemented by the management. The committee regularly reviews the company's risk profile, compliance with the auditor's risk appetite, and ensures the development of appropriate action plans in case of deviations.

The committee is composed of members of the Supervisory Board, including independent members, one of whom holds the position of committee chairman. This ensures an independent and objective assessment of risk-related issues and aligns with best corporate governance practices.

In 2025, four meetings of the Risk Management Committee were held, during which the discussed issues and adopted decisions were related to such matters as:

- **RISK PROFILE AND RISK CULTURE -** The committee regularly reviews the company's risk profile and risk culture, both on an annual and quarterly basis. During the meetings, both the 2024 and 2025 risk profiles and cultures were assessed. This analysis ensures timely identification of risks and improvement of the management process.
- **RISK APPETITE AND COMPLIANCE -** The committee reviewed compliance with the risk appetite, including both the 2024 and 2025 reports. Particular attention was paid to assessing signal levels and indicators, based on which relevant action plans were developed.
- **RISK MONITORING AND ANALYSIS -** The committee actively compares the company's actual risk indicators directly with those of competitors, which ensures an adequate assessment of risks. Furthermore, the committee reviewed reports on operational risks related to the conducted activities and approved relevant reports.
- **COMPLIANCE WITH REGULATORY REQUIREMENTS -** The committee regularly reviews the status of the company's compliance with the supervisory requirements established by the National Bank of Georgia, including issues related to regulatory waivers/deferral of obligations and relevant action plans.
- **REPORTING AND TRANSPARENCY -** In 2025, the committee reviewed and approved the company's 2024 Pillar 3 report, which represents an important instrument for ensuring transparency.
- **ORGANIZATIONAL DEVELOPMENT -** The committee systematically reviewed implemented and planned changes within the risk department, aiming to increase the efficiency of the function and improve the risk management process.

Throughout 2025, the activities of the Risk Management Committee were conducted in compliance with high standards of professionalism and independence. The adopted decisions were based on the company's long-term strategy, calculated risk management, and compliance with regulatory requirements.

26 RISK MANAGEMENT COMMITTEE



LETTER FROM THE CHAIRMAN OF THE RISK MANAGEMENT COMMITTEE

Dear Shareholders and Partners,

The year 2025 was an important and milestone phase for the company, both in terms of obtaining microbank status and institutionalizing risk management systems. Following this organizational transformation, the Supervisory Board's subcommittee focused on risk management, aiming to ensure the efficiency and seamless functioning of the risk management framework.

Throughout 2025, the committee actively monitored the company's risk profile. In close cooperation with the company's management and the Chief Risk Officer, the committee ensured the review, monitoring, and dynamics assessment of key risks, including credit, market, and operational risk systems. Particular attention was paid to risk indicators, portfolio quality trends, and potential deficiencies in operational processes.

The committee's main priorities included the practical implementation and monitoring of the risk appetite framework. Strategic indicators, both financial and non-financial, were developed and approved. The committee regularly monitored compliance with limits established by the Supervisory Board and, in case of deviations, supervised the activation of timely response mechanisms and the implementation of relevant action plans.

Furthermore, in 2025, special attention was dedicated to compliance, Anti-Money Laundering (AML), and information security. Within this scope, control mechanisms were enhanced, including the identification practice of consumer transactions and suspicious operations. Additionally, information security risk identification and monitoring processes were improved, including operational incident management and regular evaluation mechanisms, ensuring more timely detection and effective management of potential threats. These changes are particularly important in the context of the company's growth and digital transformation.

Compliance with the regulatory supervisor was established as one of the core directions of the committee's activities. Throughout 2025, continuous monitoring was conducted on compliance with the requirements of the National Bank of Georgia, including supervisory oversight on the fulfillment of obligations related to regulatory waivers/exemptions. Moreover, the committee reviewed and approved the company's 2024 Pillar 3 report, which increases the company's transparency and accountability towards shareholders and partners.

In terms of organizational development, the committee was actively involved in enhancing the efficiency of risk management functions. Changes implemented in 2025 included both structural and business-process transformations, under which the operational incident recording and escalation process was refined, improving the efficiency of timely detection and response. Additionally, the credit decision-making process was centralized and the role of the Credit Committee was strengthened, ensuring consistency, transparency of decisions, and centralized and efficient control of risk management.

Similarly, it is worth noting the committee's close cooperation with the Audit Committee, which ensures effective coordination of risk management and control systems, improving the overall quality of corporate governance. The activities carried out in 2025 laid the foundation for a transparent and sustainable risk management system that fully aligns with the company's strategic goals.

The Risk Management Committee expresses its gratitude to the company's shareholders and partners for their expressed trust and support, and once again confirms its commitment to the principles of sustainable development and stable corporate governance on priority areas such as the further development of early risk identification mechanisms, refinement of risk management instruments, effective management of risks related to digital transformation, and supporting the sustainable development of the company.

The Risk Management Committee expresses its gratitude to the company's shareholders and partners for their trust and support, and reaffirms its commitment to the principles of strong risk management, transparency, and responsible governance.

SOFIO TSKHVITAVA

Chairman of the Risk Management Committee

PRODUCT DEVELOPMENT COMMITTEE

Collegial Body

27 PRODUCT DEVELOPMENT COMMITTEE



GENERAL OVERVIEW AND ROLE IN THE ORGANIZATION

The past year was a period of significant transformation for the company — the company implemented the first phase of rebranding and, at the same time, is in an active phase of establishing itself as a microbank. An integral part of this process is the Product Development Committee, established in 2025. The primary function and goal of the committee is to ensure the best customer experience by identifying consumer needs and creating products or services that are tailored to them as much as possible.

The committee is a collegial body of the bank, which serves as a guarantee that each new initiative or product not only fully complies with the regulatory framework but also maximally meets the customer's expectations and interests.

CUSTOMER-ORIENTED MANAGEMENT MODEL

The composition of the committee is specifically formed in such a way that customer interests are fully taken into account during decision-making. Permanent members of the committee include the heads of commercial, marketing, risk, treasury, and, most importantly, customer experience management directions.

MAIN DIRECTIONS OF THE COMMITTEE'S ACTIVITIES FROM A CUSTOMER PERSPECTIVE:

- In-depth research of market trends and consumer needs at the product deployment stage.
- Structuring the main characteristics of products and services in a way that ensures the improvement of customer experience and maximum simplification of processes.
- Developing a balanced and market-competitive pricing framework.
- Defining technical capabilities for product realization in order to provide convenient, remote services for customers.

27 PRODUCT DEVELOPMENT COMMITTEE

OVERVIEW OF THE MAIN ACTIVITIES OF 2025

• Framework for Deposit and Operational Products – The main priority of the committee was the maximum flexibility of these products and offering simple ways of saving or settlement to customers.

• Transformation of the Small Portfolio – Based on the bank's priorities, the criteria for approving small loans were reviewed. The committee emphasized the speed of decision-making and service accessibility, which is critically important for representatives of small businesses.

• Revision of Products Based on Feedback – The committee regularly reviews existing products based on their relevance and customer satisfaction, which serves as a basis for modification when necessary.

Throughout 2025, the committee's activities were focused on the following key areas:

• In the process of microbank transformation, the committee developed an entirely new framework for deposit and operational products. Maximizing the flexibility of deposits, current accounts, and debit cards was defined as a priority, offering the customer modern, simplified ways of saving and settlement.

• Receiving the microbank license gave the company an opportunity for a significant increase in loan limits, which placed the transformation of credit and non-credit products on the current agenda.

• The committee regularly reviews existing products based on customer satisfaction and market relevance. This process ensures the continuous modification of conditions according to real needs, which forms the basis for product efficiency and high service standards.

FUTURE VISION

The Product Development Committee will actively continue to care for the development of a customer-centric ecosystem. The strategic initiatives that the team worked on throughout 2025 will be fully implemented in 2026 and will become accessible to our customers.

The main focus of the coming year will be the logical continuation of this process – creating such flexible digital products that will keep pace with market changes and the desires of our customers.

The goal of the company is to be a convenient bank – making the everyday life of customers even simpler and more comfortable.

INFORMATION TECHNOLOGY COMMITTEE

Collegial Body

28 INFORMATION TECHNOLOGY COMMITTEE



GENERAL OVERVIEW AND ROLE IN THE ORGANIZATION

The past year was the initial period of a significant transformation for MBC - the company is in an active phase of establishing itself as a microbank. Part of this process is the Information Technology Committee, established in 2025, whose primary goal is to provide technological support for the microbank's business strategy, implement innovations, and introduce and improve automated processes.

The IT Committee is a bank's collegial body that ensures the improvement of customer experience through the technological enhancement and automation of various products/services deployed within the microbank. The composition of the committee is formed in such a way that during the implementation/improvement of the technological process, business process continuity, security, and the enhancement of user experience (including that of microbank employees) are taken into account to the maximum extent.

MAIN DIRECTIONS OF THE COMMITTEE'S ACTIVITIES

- Development of the information technology strategy.
- Ensuring alignment between the information technology strategy and the business strategy.
- Technological analysis of business tasks.
- Preparation and prioritization of information technology projects.
- Supporting innovations and technological initiatives.
- Facilitating the microbank's digital transformation and process automation.
- Technological security of the microbank.

OVERVIEW OF THE MAIN ACTIVITIES OF 2025

• **Infrastructure Updates –** The core infrastructure of the microbank was deployed in a data center featuring high security and availability.

• **Updates to Core Banking Systems –** The microbank's banking systems were updated and automated processes were created.

• **Security Systems –** The microbank's internal security systems were updated, covering challenges arising as a result of various business processes.

• **Compliance Audit –** Various types of audits were conducted to ensure compliance with the microbank's regulatory framework, and critical findings were resolved.

FUTURE VISION

The Information Technology Committee will actively continue to focus on the development and diversification of the microbank's ecosystem. From 2026, customers will be able to receive tailored solutions, partially and/or fully automated business processes, even higher standards of security, innovative digital banking services, and payment channels.

MBC MICRO BANK

FINANCIAL STATEMENTS

For the year ended 31 December 2025
Together with Independent Auditors' Report

2025

CONTENTS

01 FINANCIAL STATEMENTS

Independent Auditor's Report 110
Statement of Financial Position 112
Statement of Profit or Loss and other Comprehensive Income 113
Statement of Changes in Equity 114
Statement of Cash Flows 115

02 NOTES TO THE FINANCIAL STATEMENTS

1. General Information 117
2. Basis of Preparation 118
3. Summary of Material Accounting Policies 120
4. Critical Accounting Estimates and Judgements 131
5. Financial Instruments - Risk Management 132
6. Previous Period Reclassifications 137
7. Cash and Cash Equivalents 137
8. Mandatory Cash Balances in NBG 137
9. Loans to Customers 138
10. Other Assets 143
11. Deferred Tax Asset and Liability 144
12. Right-of-Use Assets and Lease Liabilities 144
13. Property and Equipment 145
14. Current Accounts and Deposits 146
15. Subordinated Borrowings and Other Borrowed Funds 146
16. Other Liabilities 148
17. Share Capital and Reserves 148
18. Net Interest Income/Expense 150
19. Other Operating Expenses 151
20. Commitments and Contingencies 151
21. Transactions with Related Parties 153
22. Events After Reporting Period 153

1 INDEPENDENT AUDITORS' REPORT

To the Shareholders and Supervisory Board of JSC Micro Bank MBC

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of JSC Micro Bank MBC (hereinafter "Micro bank"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Micro Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have 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 Matter

Adjustment of the comparative information

As part of our audit of the financial statements for the year ended 31 December 2025, we have also audited the adjustments presented in Note 6 to the financial statements, which were applied to amend the financial statements for the year ended 31 December 2024. In our opinion, such adjustments are appropriate and have been properly applied. The audit procedures performed on the comparative information are limited to those adjustments. Our opinion is not modified in respect of this matter.

Audited Statement of the Prior Period - The financial statements for the year ended December 31, 2024 were audited by another auditor, who issued an unmodified opinion on May 29, 2025.

Other information

The management is responsible for the preparation of other information, which is given in the management report. Other information was not provided until the date of auditor's opinion. Our opinion on financial statements does not cover abovementioned other information. The management report is expected to be available to us after the date of auditor's opinion. In preparing the financial statements, we are responsible to review the above-mentioned other information and assess whether it is materially inconsistent with the financial statements or with evidence obtained during the audit or gives the impression that it is materially misstated. If based on our work performed, we conclude that other information is materially misstated, we are obliged to disclose this information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Micro 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 Micro Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Micro Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is

1 INDEPENDENT AUDITORS' REPORT

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 financial statements.

As part of an audit in accordance wit
the audit. We also:

• Identify and assess the risks of ma
perform audit procedures responsive
for our opinion. The risk of not detec
as fraud may involve collusion, forge

• Obtain an understanding of interna
circumstances, but not for the purpc

• Evaluate the appropriateness of ac
sures made by management.

• Conclude on the appropriateness
obtained, whether a material uncerta
ability to continue as a going concer
auditors' report to the related disclos
Our conclusions are based on the au
tions may cause the Micro Bank to c

• Evaluate the overall presentation, s
financial statements represent the u

We communicate with those charge
audit and significant audit findings, i

The engagement partner responsibl

Ana Gabedava, Engagement Partr
Nexia Georgia LLC (SARAS-F-55033
31 March 2026
Tbilisi, Georgia

	შენიშვნები	31 დეკემბერი 2025	31 დეკემბერი 2024 *(გადაანგარიშებული)
აქტივები			
ფულადი სახსრები და მათი ეკვივალენტები	7	21,650	16,039
სავალდებულო რეზერვები ეროვნულ ბანკში	8	9,048	-
კლიენტებზე გაცემული სესხები	9	153,239	119,464
სხვა აქტივები	10	1,105	714
გადავადებული საგადასახადო აქტივები	11	280	74
არამატერიალური აქტივები		891	659
აქტივების გამოყენების უფლება	12	4,715	5,102
ძირითადი საშუალებები	13	2,668	2,951
სულ აქტივები		**193,596**	**145,003**
ვალდებულებები			
ნასესხები ფულადი სახსრები	15	88,573	78,203
ვალდებულებები მომხმარებლების მიმართ	14	3,183	-
სუბორდინირებული სესხები	15	5,335	5,461
საკუთარი სავალო ფასიანი ქაღალდები	15	60,834	30,041
საიჯარო ვალდებულება	12	4,901	5,475
მიმდინარე საგადასახადო ვალდებულება		199	423
სხვა ვალდებულებები	16	1,999	2,159
სულ ვალდებულებები		**165,024**	**121,762**
კაპიტალი			
სააქციო კაპიტალი	17	2,314	2,255
სააქციო პრემია	17	1,623	1,136
პრივილეგირებული აქციები	17	7,209	6,989
გაუნაწილებელი მოგება		17,426	12,861
სულ კაპიტალი		**28,572**	**23,241**
სულ ვალდებულებები და კაპიტალი		**193,596**	**145,003**

* ზოგიერთი ნაჩვენები თანხა არ შეესაბამება 2024 წლის ფინანსურ ანგარიშგებას და ასახავს მე-6 შენიშვნაში აღწერილი რეკლასიფიკაციის შედეგს.

ფინანსური ანგარიშგება ხელმძღვანელობის მხრიდან დამტკიცებული და ავტორიზებულია 2026 წლის 31 მარტს კომპანიის გენერალური დირექტორის მიერ:

გენერალური დირექტორი **გია პეტრიაშვილი**

თბილისი, საქართველო

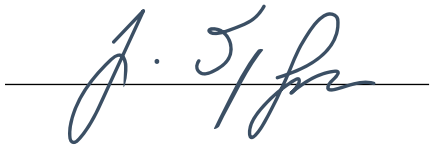
2 STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025 (In thousands of Georgian Lari)

	Notes	31 December 2025	31 December 2024 *(Restated)
Assets			
Cash and cash equivalents	7	21,650	16,039
Mandatory cash balances in NBG	8	9,048	-
Loans to customers	9	153,239	119,464
Other assets	10	1,105	714
Deferred tax asset	11	280	74
Intangible assets		891	659
Right of use assets	12	4,715	5,102
Property and equipment	13	2,668	2,951
Total assets		**193,596**	**145,003**
Liabilities and equity			
Liabilities			
Borrowed funds	15	88,573	78,203
Customer accounts	14	3,183	-
Subordinated borrowings	15	5,335	5,461
Debt securities issued by the entity	15	60,834	30,041
Lease liability	12	4,901	5,475
Deferred tax liability	11	-	-
Tax payable		199	423
Other liabilities	16	1,999	2,159
Total liabilities		**165,024**	**121,762**
Equity			
Share capital	17	2,314	2,255
Share premium	17	1,623	1,136
Preference shares	17	7,209	6,989
Retained earnings		17,426	12,861
Total equity		**28,572**	**23,241**
Total liabilities and equity		**193,596**	**145,003**

* Certain amounts presented do not correspond to the 2024 financial statements and are reflected after the restatements presented in Note 6.

The financial statements were approved and authorized for issue by Management on 31 March 2026 and were signed on its behalf by the Chief Executive Officer:

CHIEF EXECUTIVE OFFICER  **Gia Petriashvili**

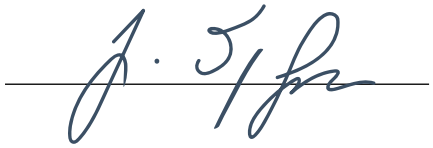
Tbilisi, Georgia

3 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025 (In thousands of Georgian Lari)

	Notes	31 December 2025	31 December 2024 *(Restated)
Interest income	18	37,011	30,282
Interest expense	18	(14,181)	(11,286)
Net interest income before impairment		**22,830**	**18,996**
Impairment losses on debt financial assets	9	125	(2,138)
Net interest income		**22,955**	**16,858**
Fee and commission income		2,932	2,980
Net foreign exchange (loss)/gain		(3,834)	(2,050)
Net gain/(loss) from trading in foreign currency		1,506	1,112
Personnel expenses		(11,844)	(9,383)
Depreciation and amortization		(2,191)	(2,047)
Other operating expenses	19	(3,415)	(2,998)
Other operating income		452	-
Profit before tax		**6,561**	**4,472**
Income tax expense		(1,095)	(942)
Total comprehensive income		**5,466**	**3,530**

The financial statements were approved and authorized for issue by Management on 31 March 2026 and were signed on its behalf by the Chief Executive Officer:

CHIEF EXECUTIVE OFFICER  **Gia Petriashvili**

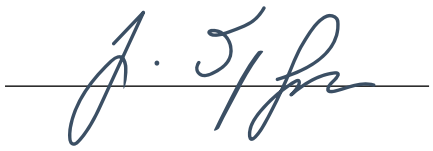
Tbilisi, Georgia

4 STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025 (In thousands of Georgian Lari)

	Share Capital	Share Premium	Preference Shares	Retained Earnings	Total
At 31 December 2023	**2,255**	**1,136**	**6,989**	**10,197**	**20,577**
Profit for the year	-	-	-	3,530	**3,530**
Dividends declared	-	-	-	(866)	**(866)**
At 31 December 2024	**2,255**	**1,136**	**6,989**	**12,861**	**23,241**
Issuance of share capital	59	-	-	-	**59**
Additional Paid-in Capital	-	487	-	-	**487**
Issuance of Preferred Stock	-	-	220	-	**220**
Profit for the year	-	-	-	5,466	**5,466**
Dividends declared	-	-	-	(901)	**(901)**
At 31 December 2025	**2,314**	**1,623**	**7,209**	**17,426**	**28,572**

The financial statements were approved and authorized for issue by Management on 31 March 2026 and were signed on its behalf by the Chief Executive Officer:

CHIEF EXECUTIVE OFFICER  **Gia Petriashvili**

Tbilisi, Georgia

5 STATEMENT OF CASH FLOWS

For the year ended 31 December 2025 (In thousands of Georgian Lari)

	Notes	2025	2024
Cash Flows from Operating Activities			
Profit before tax		**6,561**	**4,472**
Adjustments for:			
Impairment losses on debt financial assets		(125)	2,138
Net changes in interest accruals	9	(338)	(264)
Modification of contractual cash flows of financial assets	9	(144)	(94)
Depreciation and amortization		2,191	2,047
Derecognition of lease contract	12	(119)	-
Bonus and other accruals		1,457	1,117
Impairment of repossessed property		-	309
Interest expense	12; 15	14,136	11,420
Net foreign exchange loss/(gain)		3,834	2,050
Cash Inflows from Operating Activities Before Changes In Working Capital		**27,453**	**23,195**
Changes in operating assets and liabilities:			
Loans to customers	9	(33,199)	(20,284)
Increase of mandatory reserve in NBG	8	(9,069)	-
Increase in current accounts and deposits	14	3,195	-
Other assets	10	(1,269)	1,332
Tax assets/liabilities		(220)	(82)
Other liabilities		(1,166)	(468)
Cash outflow from operating activities before interest and taxation		**(14,275)**	**3,693**
Income tax paid		(1,301)	(1,067)
Interest payments		(11,480)	(10,520)
Interest paid on lease liabilities		(482)	(417)
Net cash outflow from operating activities		**(27,538)**	**(8,311)**
Cash Flows from Investing Activities			
Purchase of property and equipment		(281)	(747)
Purchase of intangible assets		(440)	(423)
Net Cash Outflows from Investing Activities		**(721)**	**(1,170)**
Cash Flows from Financing Activities			
Receipts of borrowed funds	15	99,359	203,060
Repayment of borrowed funds	15	(58,343)	(181,804)
Lease liabilities paid	12	(1,308)	(1,231)
Dividends paid		(901)	(866)
Net Cash Inflows from Financing Activities		**38,807**	**19,159**
Changes of Cash and Cash Equivalents, Net		**10,548**	**9,678**
Cash and cash equivalents at the beginning of the period	6	16,039	6,286
The effects of changes in foreign exchange rates on cash and cash equivalents		(4,937)	75
Cash and Cash Equivalents for The End Of The Year		**21,650**	**16,039**

The financial statements were approved and authorized for issue by Management on 31 March 2026 and were signed on its behalf by the Chief Executive Officer:

CHIEF EXECUTIVE OFFICER — **Gia Petriashvili**

Tbilisi, Georgia

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 GENERAL INFORMATION

MICRO BANK

After 12 years of successful operation in the market as a microfinance organization, the company obtained a Microbank License from the National Bank of Georgia on December 5, 2024, becoming the first microbank in Georgia. Following the acquisition of this license, the company continues its operations under the trade name JSC Microbank "MBC", Identification Code: 404967078 (hereinafter referred to as the "Company" or "Microbank").

Under the supervision of the National Bank of Georgia, prior to obtaining the license, the Company's activities were based on the legislative requirements provided by the Law of Georgia "On Microfinance Organizations," while after receiving the microbank license, "MBC" conducts its activities in accordance with the legislative acts regulating microbanks. The Company's goal is to provide clients with accessible financial services tailored to their needs, increase access to credit products for small and medium-sized businesses, and maintain long-term, transparent relationships with clients, while contributing to the sustainable development of the economy through social responsibility.

The supreme governing body of the Company is the General Meeting of Shareholders. The Supervisory Board is responsible for corporate governance and oversees the Company's activities; its members are elected by the General Meeting of Shareholders. Daily operations are carried out by the Directorate, which is responsible for the successful implementation of the Company's strategic goals. Each member of the Directorate is collectively responsible for the Microbank's activities to the Supervisory Board, which, in turn, appoints the members of the Directorate.

The Microbank is fully owned by the members of the "Shareholder Group." There is no single controlling party of the Microbank as of December 31, 2025, and 2024. This is discussed in detail in Note 14.

The Company is represented across Georgia by 17 service centers. The average number of Microbank employees for the year ended December 31, 2025, was 284. As of December 31, 2025, the Company employed 290 people, of which: senior management - 4 employees, middle management - 41 employees, and other employees - 245 employees. All employees, except for one, are employed full-time. The head office of the Microbank is located at 68 Ketevan Dedofali Ave, Tbilisi, Georgia. The General Director of the Microbank is Gia Petriashvili.

2 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations (collectively "IFRS Standards") issued by the International Accounting Standards Board (IASB).

The functional currency of the Microbank is the Georgian Lari (GEL), which is the national currency of Georgia. The Lari also serves as the presentation currency for the purposes of these financial statements.

The Microbank's reporting period covers the calendar year from January 1 to December 31.

Monetary figures in the financial statements are rounded to the nearest thousand Lari, unless otherwise indicated.

The preparation of financial statements in accordance with IFRS Standards requires certain estimates and judgments. It also requires the management of the Microbank to exercise professional judgment to formulate and adopt the most reasonable accounting estimates. Significant areas that were evaluated during the preparation of the financial statements and their effects are provided in Note 4. A review of material accounting policies is provided in Note 3.

BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost basis, except for financial assets and liabilities measured at fair value through profit or loss.

GOING CONCERN

The financial statements have been prepared on the basis of the Microbank as a going concern, assuming that the Microbank will continue to function in the foreseeable future. The management and founders are committed to developing the Microbank in Georgia. Management assesses that the application of the going concern principle is appropriate for the Microbank.

Adoption of new or revised standards and interpretations

A) New standards, interpretations, and amendments effective after January 1, 2025:

Lack of Exchangeability (Amendment to IAS 21): The amendments provide requirements for assessing when a currency is exchangeable into another currency and when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

B) Standards and amendments effective from January 1, 2026

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The amendments relate to the following requirements in IFRS 9 and IFRS 7:

DERECOGNITION OF FINANCIAL LIABILITIES:

• Derecognition of financial liabilities settled through electronic transfers;

CLASSIFICATION OF FINANCIAL ASSETS:

• Key elements of basic lending arrangements (solely payments of principal and interest – "SPPI test");
• Contractual terms that change the timing or amount of cash flows;
• Financial assets with non-recourse features;
• Investments in contractually linked instruments.

DISCLOSURES:

• Investments in equity instruments designated at fair value through other comprehensive income;
• Contractual terms that may change the timing or amount of contractual cash flows.

2 BASIS OF PREPARATION

Annual Improvements to IFRS Standards: Annual improvements are limited to amendments that clarify the wording of IFRS Standards or correct minor unintended consequences.

• Minor clarifications and improvements relate to the following standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (e.g., hedge accounting, derecognition of lease liabilities).

Contracts Referencing Nature-dependent Electricity (formerly Power Purchase Agreements) (Amendments to IFRS 9 and IFRS 7). The amendments include:

• Clarification of the application of the "own use" requirements;

• Permission to apply hedge accounting when such contracts are used as hedging instruments;

• Introduction of new disclosure requirements to enable investors to understand the effect of these contracts on the entity's financial performance and cash flows.

c) Standards and amendments effective from 1 January 2027

IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18, issued by the IASB on 9 April 2024, introduces significant new requirements on how financial statements are presented, with particular focus on:

• The statement of profit or loss, including requirements to present defined subtotals;

• Aggregation and disaggregation of information, including general principles for structuring information in financial statements;

• Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on totals or subtotals required by IFRS Standards.

I**FRS 19 Subsidiaries without Public Accountability: Disclosures.** On 9 May 2024, the IASB issued IFRS 19, which permits eligible subsidiaries to apply reduced disclosure requirements while applying the recognition, measurement and presentation requirements of IFRS Standards. An entity is eligible to apply IFRS 19 if:

• It is a subsidiary;

• It does not have public accountability; and

• It has an ultimate or intermediate parent that prepares consolidated financial statements available for public use in accordance with full IFRS Standards.

The Company is currently assessing the potential impact of these amendments on its financial statements. However, the Company does not expect that these or other standards issued by the IASB but not yet effective will have a material impact on its financial position or results of operations.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

INITIAL RECOGNITION OF FINANCIAL INSTRUMENTS

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

At initial recognition, financial instruments are measured at fair value adjusted for transaction costs that are directly attributable to the acquisition of a financial asset or the issuance of a financial liability, except for financial instruments measured at fair value through profit or loss.

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

• If the fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only observable market inputs, the difference is recognised in profit or loss at initial recognition.

• In all other cases, the fair value is adjusted to the transaction price, and the difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, the Microbank recognises this deferred difference in profit or loss when it becomes reasonably measurable or when the instrument is derecognised.

FINANCIAL ASSETS

Classification at Initial Recognition and Subsequent Measurement

Upon initial recognition, financial assets are classified into one of the following categories: measured subsequently at amortised cost, measured at fair value through other comprehensive income (FVOCI), or measured at fair value through profit or loss (FVTPL).

Amortised Cost

Financial assets measured at amortised cost represent the most significant category for the Microbank. A financial asset is measured at amortised cost if both of the following conditions are met:
• The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, such financial assets are measured using the effective interest rate (EIR) method and are subject to impairment. Gains or losses arising from derecognition, modification, or impairment of the asset are recognised in profit or loss.

Fair Value through Other Comprehensive Income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

• The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through Profit or Loss (FVTPL)

All financial assets that are not classified as measured at amortised cost or at FVOCI are measured at FVTPL. All financial assets of the Microbank are measured at amortised cost.

ASSESSMENT OF THE BUSINESS MODEL

In accordance with IFRS 9, there are three types of business models:

• Hold to collect contractual cash flows: The objective of this business model is to hold assets over their life to generate interest, principal, and other related cash flows.

• Hold to collect contractual cash flows and/or to sell: This business model is similar to the above, with the difference that the Microbank may decide to sell the assets or hold them for liquidity purposes before their maturity.

• Other: All models that do not meet the criteria of the above categories.

The assessment of the business model requires judgment based on the evaluation of facts and circumstances existing at the assessment date. The business model is not determined for individual financial instruments but at a higher level of aggregation, namely groups (portfolios) of financial instruments.

In assessing the business model, the Microbank considers the following information:

• The objectives and policies for the portfolio and how those policies are implemented in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of financial assets with liabilities, or realizing cash flows through the sale of assets;

• How the performance of the portfolio is evaluated and reported to the Microbank's management;

• The risks that affect the performance of the business model (and the financial assets held within that model) and how those risks are managed;

• How managers of the business are compensated (e.g., whether compensation is based on the fair value of assets managed or on the contractual cash flows collected);

• The frequency, volume, and timing of sales in prior periods, the reasons for such sales, and expectations about future sales activity. Although information about sales activity is not considered in isolation, it forms part of the overall assessment of how the Microbank's stated objective for managing financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed on a fair value basis are measured at fair value through profit or loss, as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

SOLELY PAYMENTS OF PRINCIPAL AND INTEREST (SPPI)

If a financial asset is held within a business model whose objective is to collect contractual cash flows, or both to collect contractual cash flows and to sell financial assets, the Microbank must assess whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. The SPPI test is performed at the level of an individual financial instrument.

Contractual cash flows that are solely payments of principal and interest are consistent with a basic lending arrangement. Interest is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal over a particular period. It may also include compensation for other basic lending risks (e.g., liquidity risk) and costs (e.g., administrative costs) associated with holding the financial asset over a period of time, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Microbank evaluates the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows in a manner inconsistent with the SPPI condition.

If the SPPI condition is not met, such financial assets are measured at fair value through profit or loss, and the interest income is recognised as other interest income.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised when:

• The contractual rights to receive cash flows from the asset expire;

• The Microbank transfers the contractual rights to receive cash flows from the financial asset or assumes an obligation to pay the received cash flows in full to a third party; and either (a) transfers substantially all the risks and rewards of ownership of the asset, or (b) neither transfers nor retains substantially all the risks and rewards but transfers control of the asset.

A financial instrument is written off (removed from the statement of financial position and recognised off-balance sheet) when there is no reasonable expectation of recovering the impaired financial instrument. A financial instrument shall be written off if:

• Recovery of the amount (or part thereof) is not legally enforceable, including through the realization or repossession of collateral from the borrower or any third party;

• Recovery is legally possible from the borrower or a third party, but the probability of recovery is very low;

• In the absence of expert evidence supporting an alternative approach, when writing off impaired financial assets, factors such as days past due and the type of collateral are considered.

Reclassification

After initial recognition, financial assets are not reclassified unless the Microbank changes its business model for managing financial assets.

IMPAIRMENT OF FINANCIAL ASSETS

Changes in Impairment Assessment

IFRS 9 requires the calculation of expected credit losses (ECL) for all financial assets held by the Microbank that are measured at amortised cost or at fair value through other comprehensive income (FVOCI).

The impairment allowance is based on ECLs calculated for defaults that may occur over the next 12 months from the origination of the financial asset, unless there has been a significant increase in credit risk, in which case the allowance is based on lifetime ECL. If a financial asset meets the definition of purchased or originated credit-impaired (POCI), the impairment allowance is based on lifetime ECL.

The assessment of expected credit losses for a risk exposure may be performed either on an individual or a collective basis. Individual assessment is applied to material Stage 3 exposures, where the information required for such assessment is available to the Microbank without undue cost or effort.

Financial instruments assessed on a collective basis are grouped according to similar credit risk characteristics. The groups are sufficiently large in terms of the number of financial instruments, yet sufficiently homogeneous in terms of risk characteristics, to ensure reliable statistical analysis at the group level. The appropriateness of grouping is verified using historical loss data.

For the purpose of collective assessment, homogeneous groups are determined based on collateral type and loan purpose, which represent key shared credit risk characteristics.

Three-Stage Approach

IFRS 9 introduces a three-stage approach for impairment of financial instruments from the date of their origination or acquisition. This approach is summarised below:

Stage 1: The Microbank recognises a loss allowance equal to 12-month expected credit losses. This represents the portion of lifetime ECL resulting from default events that are possible within 12 months after the reporting date, assuming that credit risk has not increased significantly since initial recognition. For financial assets with a maturity of less than 12 months, the probability of default corresponds to the lifetime probability of default.

Stage 2: The Microbank recognises a loss allowance equal to lifetime expected credit losses for financial assets that have experienced a significant increase in credit risk since initial recognition. This requires the calculation of ECL based on the probability of default over the remaining life of the financial instrument.

The loss allowance at this stage is higher due to increased credit risk and a longer measurement period compared to the 12-month horizon in Stage 1. Financial instruments in Stage 2 are not yet considered credit-impaired.

Stage 3: If a financial instrument becomes credit-impaired, it is transferred to Stage 3. The Microbank recognises impairment losses based on lifetime ECL, with a probability of default (PD) of 100% for such impaired financial instruments.

Stage 1 Credit Risk Category - Financial instruments are classified in Stage 1 if they meet one or more primary low-risk indicators.

For revolving facilities, such as credit lines, overdrafts, and similar instruments where amortisation (repayment) is not contractually required, the borrower is considered to have the ability to repay the exposure within a reasonable period.

If a financial instrument is more than 30 days past due but not more than 90 days past due, it may still be classified in Stage 1 only if analysis confirms that the delay is due to technical reasons rather than a deterioration in the borrower's financial condition.

High Credit Risk Category - Financial instruments are classified as high credit risk if they meet the Stage 1 criteria but the borrower's financial condition is potentially weak, as reflected in the borrower's credit rating (where the rating falls within thresholds defined by the Microbank's internal product guidelines).

Such exposures are subject to enhanced monitoring to ensure timely identification of whether reclassification to Stage 2 or Stage 3 is required.

Stage 2 Credit Risk Category - A financial instrument is classified in Stage 2 if it is not credit-impaired but meets one of the primary indicators of a significant increase in credit risk.

Classification into Stage 2 should also consider adverse macroeconomic factors that have occurred or may occur in the future. Based on detailed analysis and judgment, such factors may indicate a significant increase in the risk that the borrower will fail to meet contractual obligations on time.

Stage 3 Credit Risk Category - Stage 3 includes credit-impaired financial instruments. A financial instrument is considered credit-impaired if it meets one or more primary indicators.

If any financial instrument of a borrower is more than 90 days past due, all other financial instruments of that borrower are also considered credit-impaired, except for immaterial exposures.

POCI Financial Instruments - Financial instruments classified as POCI are those that are credit-impaired at initial recognition.

WRITE-OFFS

The Microbank writes off financial assets when there is no reasonable expectation of recovery.

The need to write off mortgage loans is assessed individually. For mortgage loans and other loans secured by real estate, exposures are considered uncollectible and written off after 720 days past due. Other unsecured portfolios are written off after 360 days past due.

If the amount to be written off exceeds the accumulated allowance for expected credit losses, the difference is first recognised as an additional expected credit loss expense. Any subsequent recoveries are recognised as expected credit loss income.

KEY INDICATORS BY CREDIT RISK CATEGORY

Stage 1	High Risk	Stage 2	Stage 3	POCI
Days past due ≤ 30;	The borrower's income is active, although their credit rating (per the database) is categorized at a satisfactory level.	30 < days past due ≤ 90;	Days past due > 90;	A new financial instrument issued to a borrower that is classified under the Stage 3 credit risk category.
Not restructured		A restructuring has been carried out, which is the first since the moment of its recognition, and as a result of the restructuring, the maturity of the financial instrument is in compliance with the established maximum maturity.	A restructuring of the financial instrument has been carried out, which is not the first since the moment of its recognition.	A restructuring of a borrower's Stage 3 credit risk category financial instrument was performed through refinancing.
Does not belong to Stage 2 and Stage 3 credit risk categories			The borrower's solvency has significantly deteriorated since initial recognition.	A purchased credit portfolio (e.g., from another financial institution) which contains loans that are considered impaired in accordance with the Stage 3 credit risk category of this policy.
			The borrower's liability was reduced by more than 5% through partial forgiveness and/or write-off of the financial instrument's principal and/or accrued interest.	

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

CONTAMINATION PRINCIPLE

The contamination principle refers to the application of the highest credit risk category to all financial instruments of a borrower or a group of related borrowers. Specifically, the Microbank applies the contamination principle in accordance with the following rules:

• A significant increase in credit risk or impairment of one financial instrument of a borrower will generally result in a significant increase in credit risk or impairment of the borrower's other financial instruments, regardless of whether those instruments belong to the same homogeneous group or different groups, except where the increase or impairment relates to an immaterial financial instrument;

• If certain borrowers within a group of related borrowers have financial instruments that are credit-impaired or have experienced a significant increase in credit risk, an assessment is performed to determine whether the financial instruments of other borrowers in the group are also credit-impaired or have experienced a significant increase in credit risk since initial recognition in accordance with IFRS. Where different credit risk categories are assigned within a borrower or group of borrowers, the Microbank must substantiate, through individual and/or statistical analysis, that the factors leading to a higher credit risk classification do not cause a significant increase in credit risk or impairment for instruments classified in lower categories;

• When applying the contamination principle at the group level, the Microbank identifies borrowers with immaterial exposures, whose significant increase in credit risk or impairment does not result in a similar impact on other borrowers within the group. In such cases, the Microbank must maintain detailed and comprehensive information on the triggering indicators.

FORWARD-LOOKING INFORMATION

In accordance with IFRS 9, the allowance for credit losses is based on reasonable and supportable forward-looking information available without undue cost or effort, including past events, current conditions, and forecasts of future economic conditions.

The Microbank uses forward-looking information both in assessing significant increases in credit risk and in measuring ECL.

The Microbank has identified and documented key drivers of credit risk and credit losses for each financial instrument portfolio. Based on historical data analysis, relationships between macroeconomic variables and probabilities of default have been established. The key driver is the forecast of the effective exchange rate. The relationships between key indicators, default rates, and portfolio loss rates are derived from the analysis of at least five years of historical data.

MODIFIED FINANCIAL ASSETS

A significantly modified financial instrument refers to a new or existing financial instrument that replaces or modifies the terms of an existing instrument based on an agreement between the Microbank and the borrower. Such modifications are driven by changes in the borrower's circumstances that do not represent a trigger for deterioration in credit risk classification.

At the time of modification, the borrower must meet the criteria for Stage 1 classification. A financial instrument may be removed from the "significantly modified" category only after more than one year has passed since the modification.

RESTRUCTURED FINANCIAL ASSETS

A restructured financial instrument refers to a new or existing financial instrument that replaces or modifies the terms of an existing instrument based on an agreement between the Microbank and the borrower, driven by the borrower's financial difficulties.

A financial instrument may be removed from the restructured category only after more than one year has passed since the restructuring.

A financial instrument is considered restructured if its contractual terms have been modified based on one or more of the following criteria:

• Reduction of the interest rate or waiver of accrued interest to reduce the payment burden;

• Capitalisation of accrued interest income;

• Repayment (including refinancing) of principal or interest not made by the borrower's own funds, including cases where repayment is made using funds obtained through other financial instruments of the borrower or related parties;

• Extension of the maturity date;

• Granting of a grace period (except for seasonal business cases);

• Any other rights or concessions granted by the Microbank to the borrower that would not have been provided under normal conditions.

Measurement of ECL

The main components used in measuring ECL are:

• Probability of Default (PD);

• Loss Given Default (LGD);

• Exposure at Default (EAD).

These parameters are generally estimated using internal statistical models and historical data and are designed to incorporate forward-looking information as described above. These variables (except EAD) are updated at least semi-annually. EAD is updated whenever the impairment allowance is recalculated.

Probability of Default (PD)

PD represents the likelihood of default events that may result in credit losses for a financial instrument.

To calculate PD, the Microbank analyses historical data for each homogeneous group of financial instruments. Migration matrices are used to estimate the probability of transitions between delinquency buckets. At least five years of historical data are used, where available, to calculate monthly PDs. These monthly averages are extrapolated to derive both 12-month and lifetime PDs.

Loss Given Default (LGD)

LGD is calculated based on historical data on defaults and recoveries. To determine the present value of recovery rates, historical recovery percentages (recoveries divided by defaulted portfolio over the analysis period), typically over a five-year period, are discounted using the effective interest rate.

Exposure at Default (EAD)

EAD represents the expected outstanding exposure at the time of default.

In calculating EAD, the Microbank considers both scheduled repayments (principal and interest) and expected prepayments, estimated based on historical data.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are assets that are readily convertible into cash and are subject to an insignificant risk of changes in value. They include cash on hand and balances with banks with maturities of up to three months. Restricted balances with maturities exceeding three months are not included in cash and cash equivalents.

FINANCIAL LIABILITIES

In accordance with the accounting policy, financial liabilities are classified as either "at fair value through profit or loss" or "other financial liabilities." The Microbank has classified all financial liabilities as "other financial liabilities."

Other financial liabilities of the Microbank include other liabilities and borrowings.

Other financial liabilities are initially measured at fair value plus transaction costs directly attributable to their issuance.

Interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method, which ensures a constant rate of interest expense on the carrying amount of the liability. Interest expense includes initial transaction costs and any premium payable on redemption.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The Microbank offsets financial assets and liabilities when it has a legally enforceable right to set off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

RECLASSIFICATION

Financial liabilities are not reclassified after initial recognition.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

DERECOGNITION OF FINANCIAL LIABILITIES

The Microbank derecognises financial liabilities when the obligation is discharged, cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference between the carrying amount and the consideration paid or payable is recognised in the statement of comprehensive income.

FAIR VALUE MEASUREMENT HIERARCHY

IFRS 13 requires disclosures about the assumptions used in measuring the fair value of financial assets and liabilities.

The fair value hierarchy consists of the following levels:

1. Quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1);
2. Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly (Level 2); and
3. Inputs that are not observable in active markets (Level 3).

As at 31 December 2025 and 2024, the fair value of financial instruments does not materially differ from their carrying amounts.

Fair value measurement aims to approximate 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. However, given the use of uncertainty and subjective judgments, fair value should not be interpreted as the amount that would be realised in an immediate sale of assets or transfer of liabilities.

<table>
<tr><th colspan="4">Current credit risk category</th></tr>
<tr><th></th><th></th><th>Stage 2 credit risk category</th><th>Stage 3 credit risk category</th></tr>
<tr><td rowspan="3">Credit risk category after reclassification</td><td rowspan="2">Stage 1 credit risk category</td><td>• If a financial analysis of the borrower has been carried out, the financial instrument fully and unconditionally meets the conditions of the Stage 1 credit risk category and the last 3 consecutive demonstration payments have been made.</td><td rowspan="2">If a financial analysis of the borrower has been carried out, the financial instrument fully and unconditionally meets the conditions of the relevant risk category and the last 6 consecutive demonstration payments have been made.</td></tr>
<tr><td>• If it is not possible to carry out a financial analysis of the borrower for the purpose of reclassification (category improvement) of the financial instrument, reclassification of the financial instrument from the Stage 2 credit risk category to the Stage 1 credit risk category is possible if 6 consecutive demonstration payments are recorded.</td></tr>
<tr><td rowspan="2">Stage 2 credit risk category</td><td rowspan="2"></td><td>• If a financial analysis of the borrower has been carried out. The financial instrument fully and unconditionally meets the conditions of the first or second stage credit risk category and the last 3 consecutive demonstration payments have been made.</td></tr>
<tr><td>• If 6 consecutive demonstration payments are recorded</td></tr>
</table>

RECOGNITION OF INTEREST INCOME AND EXPENSE

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the accrual basis, applying the effective interest rate (EIR) method. Under this method, all fee income and expenses directly related to loan origination and borrowing are deferred, as transaction costs are included in the calculation of the effective interest rate.

The calculation of the effective interest rate includes income and expenses directly attributable to the issuance and acquisition of loans. For example, fee income includes fees related to the assessment of the borrower's creditworthiness and the valuation of collateral.

Other income and expenses are recognised on an accrual basis in accordance with the stage of completion of the services rendered or received.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

For financial instruments in Stage 1 and Stage 2, the Microbank recognises interest income using the EIR on the gross carrying amount. For financial instruments in Stage 3, interest income is calculated using the EIR applied to the amortised cost (i.e., the gross carrying amount less the loss allowance). For financial instruments classified as purchased or originated credit-impaired (POCI), interest income is also recognised using the EIR applied to amortised cost.

PRESENTATION

Interest income calculated using the effective interest method and presented in profit or loss and other comprehensive income includes interest on financial assets measured at amortised cost. Interest expense presented in profit or loss and other comprehensive income includes interest on financial liabilities measured at amortised cost.

FEES AND COMMISSIONS

Fee income and expense that form an integral part of the effective interest rate of a financial asset or financial liability are included in the EIR calculation.

Contracts with customers that result in the recognition of financial instruments in the Microbank's financial statements may fall partly within the scope of IFRS 9 and partly within the scope of IFRS 15. In such cases, the Microbank first applies IFRS 9 to separate and account for the portion of the contract within its scope and then applies IFRS 15 to the remaining components. Other fees and commissions are mainly related to transaction and service fees and are recognised as expenses when the services are rendered.

EMPLOYEE EXPENSES

Salaries, bonuses, and non-monetary benefits are recognised on an accrual basis in the period in which the services are rendered by employees.

RECOGNITION OF OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses are recognised in the statement of profit or loss and other comprehensive income when they result in a decrease in future economic benefits related to a decrease in assets or an increase in liabilities and can be measured reliably.

Such expenses are recognised immediately when it is not probable that future economic benefits will be realised or when the benefits no longer meet the criteria for recognition as assets in the statement of financial position.

LEASES

The Microbank as a Lessee

Identification of a Lease

To determine whether a contract conveys the right to control the use of an identified asset for a period of time, the Microbank assesses whether, throughout the period of use, the customer has both:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

INITIAL RECOGNITION

At the commencement date of the lease, the Microbank recognises a right-of-use asset and a lease liability, except for:

- Leases of low-value assets; and
- Short-term leases (with a lease term of less than 12 months).

Leases are recognised in the financial statements as:

- An asset representing the right to use the leased asset over the lease term; and
- A liability representing the obligation to make lease payments.

At the commencement date, the lease liability is measured at the present value of lease payments not yet paid. Lease payments are discounted using the interest rate implicit in the lease, if readily determinable; otherwise, the lessee's incremental borrowing rate is used.

Variable lease payments that depend on an index or rate are included in the measurement of the lease liability based on the index or rate at the commencement date. Other variable lease payments are recognised as expenses in the period in which they are incurred.

The lease liability includes:

• Amounts expected to be payable under residual value guarantees;

• The exercise price of a purchase option if it is reasonably certain that the option will be exercised;

• Penalties for terminating the lease, if the lease term reflects the exercise of a termination option.

At the commencement date, the right-of-use asset is measured at cost, which includes:

• The initial measurement of the lease liability;

• Lease payments made at or before the commencement date, less any lease incentives received;

• Initial direct costs incurred by the lessee; and

• An estimate of costs to dismantle and remove the asset or restore the site or the asset to the condition required by the lease terms.

SUBSEQUENT MEASUREMENT

After the commencement date, the lease liability increases to reflect interest and decreases by the lease payments made. The Right-of-Use (ROU) asset is decreased by accumulated depreciation and accumulated impairment losses. If the lease agreement transfers ownership of the underlying asset to the lessee by the end of the lease term, or if the cost of the ROU asset reflects the lessee's intention to exercise a purchase option, the asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the ROU asset is depreciated from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

After the lease commencement date, Microbank remeasures the lease liability to reflect changes in lease payments. The amount resulting from the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and the lease liability is also reduced, the remaining amount of the remeasurement is recognized in profit or loss. The lease liability is remeasured using the revised lease payments and the revised discount rate, if any of the following occurs: the lease term is changed, or the valuation of the option to purchase the leased asset is changed.

If the amounts expected to be paid under the residual value guarantee or future lease payments are changed because the index or rate used to determine those payments has changed, the lease liability is remeasured using the discount rate determined at the beginning of the lease term, except when the change in lease payments is due to a change in variable interest rates.

When a microbank modifies the contractual terms of a lease, the accounting depends on the substance of the modification:

• A lease modification is accounted for as a separate lease if the modification increases the scope of the lease and the lease payments increase by a rate appropriate to the increased scope of use.

• In the case of a lease modification that is not accounted for as a separate lease, the lessee remeasures the lease liability at the effective date of the lease modification by discounting the revised lease payments at the revised discount rate.

• In the case of a lease modification that reduces the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or complete termination of the lease, any income or loss related to the partial or complete termination of the lease is recognized in profit or loss; the lease liability is subsequently adjusted so that its carrying amount reflects the modified lease payments over the modified term, discounted at the rate at the date of the modification. In such cases, the right-of-use asset is adjusted by the corresponding amount.

DETERMINING THE LEASE TERM

The lease term is the non-cancellable period of a lease, together with both: (a) periods covered by an option to extend the lease (including those supported by established business practice) if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Management exercises judgment in determining the lease term. To assess whether it is reasonably certain that the lessee will exercise an extension option or not exercise a termination option, the Group considers all relevant facts and circumstances that

create an economic incentive for the lessee. The Group reassesses the lease term if a significant event or change in circumstances occurs that: (a) is within the control of the lessee; and (b) affects the assessment of whether it is reasonably certain that the lessee will exercise an option not previously included in the determination of the lease term, or not exercise an option previously included.

INCREMENTAL BORROWING RATE

The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Management uses judgment to determine the incremental borrowing rate. Using observable data, a base rate is determined, which is then adjusted for factors specific to the lessee and the characteristics of the collateral (the leased object).

DETERMINATION OF LEASE PAYMENTS

In Georgia, lease agreements often do not include a provision (or include an incomplete provision) regarding lease renewal/extension. The existence of such a right is supported in accordance with established business practice. The Group considers such established business practice as an integral part of the contract. For such cases, the estimated lease payments used in determining the lease liability remain unchanged throughout the lease term, including the renewal period.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The organization has decided to apply the exemption for short-term leases and leases of low-value assets. Lease payments associated with these leases are recognized as an expense over the lease term on a straight-line basis. Another systematic basis is used if it more adequately reflects the structure/model of the benefit received by the lessee.

TAXATION

Tax expense consists of current and deferred tax for the period. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax expenses related to the Microbank's primary activities are calculated in accordance with the tax legislation of Georgia. For financial reporting purposes, current income tax expenses are adjusted by the amounts of deferred taxes arising from differences between the carrying amounts and tax bases of assets and liabilities. Such adjustments result in the reflection of deferred tax assets or deferred tax liabilities.

In December 2022, the Parliament of Georgia adopted amendments that entered into force on January 1, 2023. The income tax for companies in the Georgian financial sector was set at 20 percent, and the taxation of the financial sector will no longer transition to the "Estonian tax model."

Deferred tax assets are recognized using the balance sheet liability method. The deferred income tax amount is calculated based on the expected tax rate to be applied in the years when the temporary difference is recovered or realized. Deferred tax assets are recognized when it is probable that future taxable profits will be sufficient to realize the deferred tax assets. At each balance sheet date, the Microbank reassesses unrecognized deferred tax assets.

Deferred income tax is recognized because it represents future taxable profit against which temporary differences can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant, and equipment (PPE) and intangible assets are reflected in the balance sheet at historical cost, less accumulated depreciation (amortization) and impairment losses, if any. Depreciation and amortization are charged over their useful lives on a systematic, straight-line basis. Depreciation and amortization are charged according to the following useful lives:

	Useful Life (Years)
Land	Not depreciated
Buildings	30-40
Furniture	5-7
Leasehold improvements	3-7

The carrying amount of PPE is reviewed at the end of each reporting period to verify whether it is recognized at more than its recoverable amount. The recoverable amount is the higher of the value in use and fair value less costs to sell. Intangible assets are amortized over their useful lives on a systematic, straight-line basis.

IMPAIRMENT OF NON-FINANCIAL ASSETS (EXCLUDING INVENTORIES)

At the end of each reporting period, the Microbank reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If such indications exist, the carrying amount of the asset (or the cash-generating unit to which the asset belongs) is tested for impairment. An impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of impairment testing, assets are grouped at the lowest identifiable levels of cash-generating units.

SHARE CAPITAL AND DIVIDENDS

Ordinary shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The difference between the nominal value and the market price is recognized in share premium (share capital).

Equity is adjusted by the dividend amount in the period in which they are declared. Any dividends declared after the reporting period and before the financial statements are issued are disclosed in the note on events after the balance sheet date. Dividends on ordinary shares are recognized as a distribution of retained earnings in the period of their declaration. Dividends on preferred shares are recognized as a distribution of retained earnings when they are approved by the Annual General Meeting in any given year.

Non-redeemable preferred share capital with discretionary dividends is classified as equity in accordance with IAS 32.

FOREIGN CURRENCY TRANSACTIONS

The Microbank uses the Georgian Lari (GEL) as its functional currency, as it has a significant impact on its operations. Thus, for these financial statements, the Microbank uses the Georgian Lari as the measurement currency.

Monetary assets and liabilities denominated in foreign currencies are translated at the official exchange rate set by the National Bank of Georgia at the end of the year. Exchange differences arising during conversion are reflected in the statement of comprehensive income. Results expressed in foreign currencies are recorded according to the exchange rate existing on the day of the transaction. Revaluation does not apply to non-monetary assets and liabilities. The final exchange rates used for the conversion of foreign currency balances were as follows:

	USD/GEL	EUR/GEL
As of December 31, 2025	2.6951	3.1737
As of December 31, 2024	2.8068	2.9306

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period, as well as events up to the date of authorization of the financial statements that provide additional information about the Microbank's financial statements, are included in the financial statements. Material post-balance sheet events that do not affect the condition of the Microbank's financial statements at the balance sheet date are also presented in the notes to the financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Micro Bank makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements and estimates related to ECL measurement

Measurement of ECLs is a significant estimate that involves determination of methodology, development of models and preparation of data inputs. Expert management judgement is also an essential part of estimating expected credit losses.

Management considers management judgements and estimates in calculating ECL as follows:

Judgements used to define criteria used in definition of default.

The Micro Bank defines default using both quantitative and qualitative criteria. Borrower is classified as defaulted if:

• any amounts of contractual repayments are past due more than 90 days; or

• factors indicating the borrower's unlikeliness-to-pay.

Unlikeliness to repay is qualitative and quantitative criteria based on clients monitoring/financial stability.

In addition, default exit criteria are defined using judgement as well as whether default should be applied on a borrower or exposure level. For more details on the methodology please see Note 3.

Judgements used to define criteria for assessing, if there has been a significant increase in credit risk (SICR) which is defined using both quantitative and qualitative criteria.

Qualitative factors usually include judgements around delinquency period of more than 30 days on contractual repayments; exposure is restructured, but is not defaulted.

The Micro Bank evaluates the change in the probability of default parameter for each specific exposure on a quantitative basis, comparing it to a predefined threshold since its initial recognition. When the absolute relative change in the probability of default surpasses the specified threshold, it is considered a Significant Increase in Credit Risk (SICR), leading to the transfer of the exposure to Stage 2.

Judgements used for calculation of credit risk parameters namely probability of default (PD) and loss given default (LGD). The judgements include and are not limited by:

(i) definition of the segmentation for risk parameters estimation purposes,

(ii) time since default date after which no material recoveries are expected,

5 FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Similarly to other financial institutions, the microbank is exposed to various risks arising from the use of financial instruments. This note describes the microbank's objectives, policies and processes for managing these risks, as well as the methods used to measure them. Further quantitative disclosures related to these risks are presented in other sections of these financial statements.

GENERAL OBJECTIVES, POLICIES AND PROCESSES

All employees of the microbank are involved in the risk management process, which represents a critical component of the overall risk management system and contributes to the sustainability of the organization. Each structural unit has clearly defined roles and responsibilities in relation to risk management, ensuring the effectiveness of processes.

Risk management is carried out within a unified framework aimed at:

- timely identification of existing risks and threats;
- prevention of potential losses;
- effective management of incidents;
- supporting the achievement of the bank's objectives;
- continuous improvement of the control system;
- increasing operational efficiency;
- enhancing organizational resilience; and
- ensuring compliance with regulatory requirements and international standards.

The organizational structure of the Company ensures adequate supervision, accountability and clear segregation of duties. The Supervisory Board is the highest governing body responsible for risk oversight, defining the Company's strategy and monitoring the achievement of strategic objectives, while the Management Board is involved in the day-to-day operations of the bank.

Day-to-day management of individual risks is based on the "three lines of defence" model, which ensures segregation of duties and responsibilities, enabling effective overall risk management and strengthening the internal control framework.

The three lines of defence distinguish between risk ownership/management and independent oversight functions:

- **First line of defence (business units)** – responsible for owning and managing risks;
- **Second line of defence** – independent from the first line and responsible for monitoring risk-taking activities and independently assessing risks;
- **Third line of defence (internal audit)** – independent from both the first and second lines, responsible for evaluating the effectiveness of internal controls, risk management systems and governance processes.

RISK COMMITTEE

The Risk Committee oversees the microbank's risk profile; evaluates the adequacy of key risk requirements, including risk assessment, monitoring and limits; reviews and aligns actions related to risk strategy; reviews policies and documents prior to submission to the Supervisory Board; assesses the effectiveness of internal control and risk management systems jointly with the Audit Committee; evaluates external audit findings related to risk management; and periodically reviews the system of risk limits.

RISK MANAGEMENT FRAMEWORK

The Supervisory Board determines the bank's risk appetite, taking into account the Company's strategy, capital, financial plans and remuneration practices.

The risk appetite framework covers all material risks associated with the bank's products, activities, processes, systems and strategy. It defines both quantitative and qualitative indicators used to assess whether operations are conducted within the established risk appetite and aligned with the bank's strategy.

Risk appetite establishes thresholds for risk indicators at both individual and aggregated levels, within which the microbank operates, considering its capital capacity, risk management capabilities, strategic objectives and constraints imposed by shareholders, creditors, regulators and other stakeholders.

5 FINANCIAL INSTRUMENTS – RISK MANAGEMENT

CREDIT RISK

Due to the nature of its operations, the bank is exposed to credit risk, which represents the risk that one party to a financial instrument will fail to meet its contractual obligations, resulting in financial loss to the other party.

Credit risk arises from lending activities and other transactions with counterparties, leading to the recognition of financial assets and off-balance sheet credit-related commitments. Credit risk is the most significant risk for banks and regulators.

The bank's credit strategy aims to build a diversified and profitable loan portfolio while maintaining high asset quality.

The microbank has established credit risk management policies and procedures (covering both recognized financial assets and off-balance sheet commitments), which are approved by the governing body.

The credit policy defines:

- procedures for reviewing and approving loan applications;
- methodologies for assessing borrower creditworthiness;
- methodologies for assessing counterparty creditworthiness;
- collateral valuation methodologies;
- requirements for credit documentation; and
- procedures for ongoing monitoring of loans and other credit exposures.

Loan applications are submitted to the **Credit Committee**, which reviews detailed information on the borrower's income and performs an initial credit risk assessment. The committee evaluates applications based on criteria such as:

- borrower creditworthiness;
- credit history;
- financial condition;
- business competitiveness; and other relevant factors.

The Risk Management Department performs individual risk assessments of customers as well as portfolio-level analysis, including credit concentration and market risks. The microbank continuously monitors and regularly reassesses the creditworthiness of its clients (refer to Note 6 for impairment of loans).

The review process is based on the most recent financial information of borrowers and other relevant data obtained either from clients or independently by the microbank. The regular monitoring system supports timely identification and mitigation of credit risk.

The **maximum exposure to credit risk** is generally reflected in the carrying amounts of financial assets recognized in the statement of financial position, as well as off-balance sheet commitments. The effect of netting arrangements on reducing overall credit exposure is not significant.

As at the reporting date, the maximum exposure to credit risk amounted to:

	31 December 2025	31 December 2024
Cash and cash equivalents (excluding cash on hand)	21,650	16,039
Mandatory cash balances in NBG	9,048	-
Loans to customers	153,239	119,464
Other assets	18	82
	183,955	**135,585**

5 FINANCIAL INSTRUMENTS – RISK MANAGEMENT

OPERATIONAL RISK

Operational risk refers to the risk of loss that the Bank may incur as a result of inadequate or failed internal processes, system failures or disruptions, human errors, fraud, or external events, including but not limited to cyberattack risk and other similar factors.

LIQUIDITY RISK

Liquidity risk arises from mismatches in the maturities of assets and liabilities. Such mismatches may result in a shortage of sufficient financial resources when repaying attracted funds and meeting other financial obligations related to financial instruments.

Liquidity risk is the risk that the microbank will encounter difficulties in meeting its contractual obligations associated with financial instruments, which involve the delivery of cash or another financial asset. Liquidity risk arises when there is a mismatch between the maturities of assets and liabilities. The alignment and/or controlled mismatch of maturities and interest rates of assets and liabilities is fundamental to liquidity management. Achieving complete alignment is uncommon in financial institutions, as business activities are often uncertain in timing and diverse in nature. While a mismatched position may potentially enhance profitability, it may also increase the risk of losses.

The objective of the microbank's liquidity management is to ensure the availability of cash to meet financial obligations as they fall due. The liquidity management policy requires:

- planning cash flows by major currencies and considering the required level of liquid assets in relation thereto;
- maintaining a diversified range of funding sources;
- managing loan concentration and portfolio profile;
- ensuring a funding plan for lending activities;
- maintaining liquidity and contingency funding plans.

The tables below present the undiscounted cash flows of financial assets and liabilities based on the contractual terms of lending arrangements and their earliest contractual maturities. The total inflows and outflows disclosed in the tables represent contractual, undiscounted cash flows related to financial assets and liabilities.

The maturity analysis of financial liabilities as at 31 December 2025 is presented as follows:

	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	Total
Non-derivative financial liabilities						
Borrowed funds	3,258	33,244	52,071	-	-	**88,573**
Customer accounts	404	887	254	-	1,638	**3,183**
Subordinated borrowings	-	-	5,335	-	-	**5,335**
Debt securities issued by the entity	-	7,510	53,324	-	-	**60,834**
Lease liability	5	-	3,636	1,260	-	**4,901**
Other financial liabilities	1,999	-	-	-	-	**1,999**
Total no-derivative financial liabilities	**5,666**	**41,641**	**114,620**	**1,260**	**1,638**	**164,825**

The maturity analysis of financial liabilities as at 31 December 2024 is presented as follows:

	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Borrowed funds	14,425	19,495	43,927	356	**78,203**
Subordinated borrowings	-	-	5,461	-	**5,461**
Debt securities issued by the entity	-	-	30,041	-	**30,041**
Lease liability	464	1,297	4,651	179	**6,591**
Other financial liabilities	1,585	437	-	-	**2,022**
Total no-derivative financial liabilities	**16,580**	**26,455**	**96,371**	**234**	**139,640**

5 FINANCIAL INSTRUMENTS – RISK MANAGEMENT

MARKET RISK

Market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market factors. Market risk may arise from the microbank's holdings of interest-bearing, trading, or foreign currency-denominated financial instruments. There is a risk that the fair value of a financial instrument or its future cash flows will change due to movements in foreign exchange rates (currency risk) and changes in interest rates (interest rate risk).

CURRENCY RISK MANAGEMENT

Currency risk arises from changes in the relative value of one currency against another. It is a significant component of the microbank's overall financial risk profile. The microbank is exposed to currency risk in relation to its financial position and cash flows.

The impact of currency risk on the microbank as at 31 December 2025 is presented in the table below:

	GEL	USD	EUR	Other Currencies	Total
Financial assets					
Cash and cash equivalents	15,452	4,975	1,037	186	**21,650**
Mandatory cash balances in NBG	-	9,031	17	-	**9,048**
Loans to customers	152,787	452	-	-	**153,239**
Other financial assets	-	3	-	-	**3**
Total Financial assets	**168,239**	**14,461**	**1,054**	**186**	**183,940**
Financial liabilities					
Borrowed funds	30,483	58,004	86	-	**88,573**
Customer accounts	1,764	1,418	1	-	**3,183**
Subordinated borrowings	-	5,335	-	-	**5,335**
Debt securities issued by the entity	60,834	-	-	-	**60,834**
Lease liabilities	3,048	1,853	-	-	**4,901**
Other financial liabilities	1,997	2	-	-	**1,999**
Total Financial liabilities	**98,126**	**66,612**	**87**	**-**	**164,825**
Open balance sheet position	**70,113**	**(52,151)**	**967**	**186**	**19,115**
The effect of derivatives held for risk management	**(51,481)**	**52,433**	**(952)**	**-**	**-**
Net open balance sheet position	**18,632**	**282**	**15**	**186**	**19,115**

The impact of currency risk on the microbank as at 31 December 2024 is presented in the table below:

	GEL	USD	EUR	Other Currencies	Total
Financial assets					
Cash and cash equivalents	12,773	2,219	924	123	**16,039**
Mandatory cash balances in NBG	-	-	-	-	**-**
Loans to customers	118,849	615	-	-	**119,464**
Other financial assets	81	1	-	-	**82**
Total Financial assets	**131,703**	**2,835**	**924**	**123**	**135,585**
Financial liabilities					
Borrowed funds	32,703	45,469	31	-	**78,203**
Subordinated borrowings	-	5,461	-	-	**5,461**
Debt securities issued by the entity	30,041	-	-	-	**30,041**
Lease liability	121	5,354	-	-	**5,475**
Other liabilities	1,646	444	1	-	**2,091**
Total Financial liabilities	**64,511**	**56,728**	**32**	**-**	**121,271**
Open balance sheet position	**67,192**	**(53,893)**	**892**	**123**	**14,314**
The effect of derivatives held for risk management	**(52,715)**	**53,091**	**(879)**	**-**	**(503)**
Net open balance sheet position	**14,477**	**(802)**	**13**	**123**	**13,811**

5 FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The table below presents the microbank's sensitivity to a 20% increase or decrease in foreign exchange rates against the Georgian Lari and reflects management's assessment of reasonably possible changes in exchange rates. The sensitivity analysis includes only monetary items denominated in foreign currencies and adjusts their year-end balances by a 20% change in exchange rates. The impact on profit or loss and equity is presented as follows.

	31 December 2025			31 December 2024		
	GEL / USD	GEL / EUR	GEL / Other Currencies	GEL / USD	GEL / EUR	GEL / Other Currencies
20% increase	56	3	37	(160)	3	25
20% decrease	(56)	(3)	(37)	160	(3)	(25)

The analysis is based on the assumption that all other variables remain constant.

INTEREST RATE RISK

Interest rate risk arises from potential changes in market interest rates, which may adversely affect the fair value of the microbank's financial assets and liabilities. This risk may result from mismatches in the repricing or maturity dates of assets and liabilities, as well as from instruments that are sensitive to changes in interest rates.

Interest-bearing financial assets and liabilities as at 31 December 2025 and 2024 are presented as follows:

	2025	2024
Total interest-bearing financial assets	160,172	131,253
Total interest-bearing financial liabilities	(151,481)	(119,180)
	8,691	**12,073**

COMPLIANCE RISK

Compliance risk represents the risk that the microbank fails to comply with applicable laws, regulations, and contractual obligations, which may result in financial loss.

MACROECONOMIC RISK

Macroeconomic risk represents the risk that adverse developments at the country, regional, or global level (such as a decline in GDP, rising unemployment, etc.) may negatively impact the microbank's financial performance.

CAPITAL MANAGEMENT

The microbank's objectives in managing capital are to:

- ensure the microbank's ability to continue as a going concern and operate efficiently;
- comply with the capital requirements established by the National Bank of Georgia; and
- provide an adequate return to shareholders.

The microbank sets the amount of required capital in proportion to risk and manages its capital structure, making adjustments in response to changes in economic conditions and the risk characteristics of its assets.

In order to maintain or adjust its capital structure, the microbank may adjust dividends paid to shareholders, return capital to shareholders, issue new shares, or dispose of assets to reduce liabilities.

The microbank is also required to comply with covenants stipulated in its loan agreements. Further information is disclosed in Note 20.

For financial assets and financial liabilities that are liquid or have a short-term maturity (up to three months), their carrying amounts are considered to approximate their fair values.

6 PREVIOUS PERIOD RECLASSIFICATIONS

On 5 December 2024, pursuant to a decision of the National Bank of Georgia, the Company obtained a microbank license. The change in status and the requirement to comply with banking regulations necessitated a revision of the financial statement presentation format, in order to better align the information with the standards applicable to microbanks.

Accordingly, management performed certain reclassifications of balances as of 31 December 2024. Management believes that the revised presentation more appropriately reflects the Company's financial position in light of its new status and ensures comparability of financial information between reporting periods.

The table below presents the effect of these reclassifications on the financial statements as of 31 December 2024:

31 December 2024	According to the previous financial statement	Restatement	Restated Amount
Statement Of Financial Position			
Subordinated borrowings and other borrowed funds	113,705	(113,705)	-
Borrowed funds	-	78,203	78,203
Subordinated borrowings	-	5,461	5,461
Debt securities issued by the entity	-	30,041	30,041

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents distribution by currency is disclosed in Note 5.

	31 December 2025	31 December 2024
Cash on hand	5,132	4,250
Cash at banks	16,518	11,789
Total cash and cash equivalents	**21,650**	**16,039**

8 MANDATORY CASH BALANCES IN NBG

Mandatory reserves with the National Bank of Georgia represent funds placed with the NBG. Resident financial institutions are required, in accordance with the regulations of the National Bank, to maintain mandatory reserves on interest-bearing liabilities, the amount of which depends on the volume of funds attracted by the financial institution. The ability of the microbank to withdraw these deposits is restricted by legislation.

As of 31 December 2025, the balance of mandatory reserves held with the NBG amounted to GEL 9,048 (31 December 2024: GEL 0).

9 LOANS TO CUSTOMERS

Loans to customers as at December 31, 2025 and 2024 are presented as follows:

	31 December 2025	31 December 2024
Services	43,236	17,292
Consumption*	58,597	77,958
Trade	12,767	7,236
Farming/agro-activities	12,891	9,996
Production/construction	6,115	1,728
Housing	22,015	10,223
Total loans to customers	**155,621**	**124,433**
Expected credit loss	(2,382)	(4,969)
Total loans to customers, Net	**153,239**	**119,464**

* Consumption loans are intended to cover personal purchases and other consumer liabilities. Housing loans are loans issued for the purpose of purchase, repair and to arrange real estate.

The gross contractual amounts of loans issued to customers that were written off during the reporting period but remain subject to enforcement measures amounted to GEL 2,437 thousand (2024: GEL 1,555 thousand).

9 LOANS TO CUSTOMERS

The following table provides information on the credit quality of loans to customers as at 31 December 2025:

	Stage 1	Stage 2	Stage 3	Total
Services				
Not overdue	22,018	7	-	**22,025**
Overdue less than 30 days	16,501	121	-	**16,622**
31 to 90 days overdue	598	1,878	-	**2,476**
91 to 180 days overdue	-	-	1,155	**1,155**
More than 180 days overdue	-	-	958	**958**
Total Services	**39,117**	**2,006**	**2,113**	**43,236**
Expected credit losses	(192)	(133)	(488)	**(813)**
Carrying amount	**38,925**	**1,873**	**1,625**	**42,423**
Consumption				
Not overdue	35,557	24	-	**35,581**
Overdue less than 30 days	18,077	47	-	**18,124**
31 to 90 days overdue	177	1,667	-	**1,844**
91 to 180 days overdue	-	-	803	**803**
More than 180 days overdue	-	-	2,245	**2,245**
Total Consumption	**53,811**	**1,738**	**3,048**	**58,597**
Expected credit losses	(230)	(86)	(484)	**(800)**
Carrying amount	**53,581**	**1,652**	**2,564**	**57,797**
Trade				
Not overdue	6,360	5	-	**6,365**
Overdue less than 30 days	4,943	54	-	**4,997**
31 to 90 days overdue	217	437	-	**654**
91 to 180 days overdue	-	-	372	**372**
More than 180 days overdue	-	-	379	**379**
Total Trade	**11,520**	**496**	**751**	**12,767**
Expected credit losses	(73)	(19)	(164)	**(256)**
Carrying amount	**11,447**	**477**	**587**	**12,511**
Farming/agro-activities				
Not overdue	7,037	60	-	**7,097**
Overdue less than 30 days	3,889	46	-	**3,935**
31 to 90 days overdue	43	916	-	**959**
91 to 180 days overdue	-	-	501	**501**
More than 180 days overdue	-	-	399	**399**
Total Farming/agro-activities	**10,969**	**1,022**	**900**	**12,891**
Expected credit losses	(73)	(62)	(207)	**(342)**
Carrying amount	**10,896**	**960**	**693**	**12,549**
Production/construction				
Not overdue	2,830	-	-	**2,830**
Overdue less than 30 days	2,676	-	-	**2,676**
31 to 90 days overdue	150	376	-	**526**
91 to 180 days overdue	-	-	61	**61**
More than 180 days overdue	-	-	22	**22**
Total Production/construction	**5,656**	**376**	**83**	**6,115**
Expected credit losses	(25)	(8)	(19)	**(52)**
Carrying amount	**5,631**	**368**	**64**	**6,063**
Housing				
Not overdue	14,028	126	-	**14,154**
Overdue less than 30 days	6,815	136	-	**6,951**
31 to 90 days overdue	39	575	-	**614**
91 to 180 days overdue	-	-	202	**202**
More than 180 days overdue	-	-	94	**94**
Total Housing	**20,882**	**837**	**296**	**22,015**
Expected credit losses	(66)	(14)	(39)	**(119)**
Carrying amount	**20,816**	**823**	**257**	**21,896**

9 LOANS TO CUSTOMERS

The following table provides information on the credit quality of loans to customers as at 31 December 2024:

	Stage 1	Stage 2	Stage 3	Total
Services				
Not overdue	14,816	234	-	**15,050**
Overdue less than 30 days	169	3	-	**172**
31 to 90 days overdue	-	181	-	**181**
91 to 180 days overdue	-	-	220	**220**
More than 180 days overdue	-	-	1,669	**1,669**
Total Services	**14,985**	**418**	**1,889**	**17,292**
Expected credit losses	(210)	(85)	(977)	**(1,272)**
Carrying amount	**14,775**	**333**	**912**	**16,020**
Consumption				
Not overdue	73,331	322	-	**73,653**
Overdue less than 30 days	1,119	108	-	**1,227**
31 to 90 days overdue	-	838	-	**838**
91 to 180 days overdue	-	-	543	**543**
More than 180 days overdue	-	-	1,697	**1,697**
Total Consumption	**74,450**	**1,268**	**2,240**	**77,958**
Expected credit losses	(1,006)	(270)	(1,314)	**(2,590)**
Carrying amount	**73,444**	**998**	**926**	**75,368**
Trade				
Not overdue	6,091	271	-	**6,362**
Overdue less than 30 days	53	15	-	**68**
31 to 90 days overdue	-	129	-	**129**
91 to 180 days overdue	-	-	20	**20**
More than 180 days overdue	-	-	657	**657**
Total Trade	**6,144**	**415**	**677**	**7,236**
Expected credit losses	(99)	(55)	(304)	**(458)**
Carrying amount	**6,045**	**360**	**373**	**6,778**
Farming/agro-activities				
Not overdue	8,761	364	-	**9,125**
Overdue less than 30 days	100	22	-	**122**
31 to 90 days overdue	-	294	-	**294**
91 to 180 days overdue	-	-	7	**7**
More than 180 days overdue	-	-	448	**448**
Total Farming/agro-activities	**8,861**	**680**	**455**	**9,996**
Expected credit losses	(144)	(75)	(268)	**(487)**
Carrying amount	**8,717**	**605**	**187**	**9,509**
Production/construction				
Not overdue	1,606	36	-	**1,642**
Overdue less than 30 days	24	-	-	**24**
31 to 90 days overdue	-	3	-	**3**
91 to 180 days overdue	-	-	6	**6**
More than 180 days overdue	-	-	53	**53**
Total Production/construction	**1,630**	**39**	**59**	**1,728**
Expected credit losses	(24)	(3)	(36)	**(63)**
Carrying amount	**1,606**	**36**	**23**	**1,665**
Housing				
Not overdue	9,990	18	-	**10,008**
Overdue less than 30 days	97	-	-	**97**
31 to 90 days overdue	-	61	-	**61**
91 to 180 days overdue	-	-	25	**25**
More than 180 days overdue	-	-	32	**32**
Total Housing	**10,087**	**79**	**57**	**10,223**
Expected credit losses	(64)	(12)	(23)	**(99)**
Carrying amount	**10,023**	**67**	**34**	**10,124**

9 LOANS TO CUSTOMERS

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of the loan extended to it. However, collateral provides additional security, and the Micro Bank generally requests borrowers to provide it.

Loans to customers are generally collateralized by real estate and vehicles (few amounts are collateralized by precious metals).

Following tables provide information on the collateral, securing the loan portfolio, net of impairment:

31 December 2025	Real estate	Vehicles	Third party guarantee	No collateral	Total
Services	39,604	54	249	2,516	**42,423**
Consumption	498	57,013	-	286	**57,797**
Trade	11,611		62	838	**12,511**
Farming/agro-activities	11,364	5	82	1,098	**12,549**
Production/construction	5,797		12	254	**6,063**
Housing	21,896				**21,896**
Total	**90,770**	**57,072**	**405**	**4,992**	**153,239**

31 December 2024	Real estate	Vehicles	Precious metals	No collateral	Total
Services	11,785	3,288	1	946	**16,020**
Consumption	32,149	40,534	1	2,684	**75,368**
Trade	4,263	1,803	-	712	**6,778**
Farming/agro-activities	6,848	1,462	-	1,199	**9,509**
Production/construction	1,289	203	-	173	**1,665**
Housing	9,622	353	-	149	**10,124**
Total	**65,956**	**47,643**	**2**	**5,863**	**119,464**

The following table shows reconciliations from the opening to the closing balances of the expected credit losses of loans to customers as at 31 December 2025:

	Stage 1	Stage 2	Stage 3	Total
At the beginning of the year	**1,547**	**500**	**2,922**	**4,969**
Transfer to Stage 1	2	(2)	-	**-**
Transfer to Stage 2	(176)	176	-	**-**
Transfer to Stage 3	(790)	(122)	912	**-**
Net remeasurement of loss allowance	402	(125)	(896)	**(619)**
New financial assets originated	782	-	-	**782**
Transfer to Stage 2	(117)	117	-	**-**
Transfer to Stage 3	(203)	-	203	**-**
Repaid loans	(759)	(134)	(475)	**(1,368)**
Write-offs	(29)	(88)	(1,265)	**(1,382)**
At the end of the year	**659**	**322**	**1,401**	**2,382**

The following table shows reconciliations from the opening to the closing balances of the expected credit losses of loans to customers as at 31 December 2024:

	Stage 1	Stage 2	Stage 3	Total
At the beginning of the year	**1,297**	**351**	**2,827**	**4,475**
Transfer to Stage 1	61	(49)	(12)	**-**
Transfer to Stage 2	(28)	78	(50)	**-**
Transfer to Stage 3	(56)	(114)	170	**-**
Net remeasurement of loss allowance	(239)	103	2,398	**2,262**
New financial assets originated	1,923	-	-	**1,923**
Transfer to Stage 2	(240)	240	-	**-**
Transfer to Stage 3	(551)	-	551	**-**
Repaid loans	(620)	(109)	(1,318)	**(2,047)**
Write-offs	-	-	(1,644)	**(1,644)**
At the end of the year	**1,547**	**500**	**2,922**	**4,969**

9 LOANS TO CUSTOMERS

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

	Stage 1	Stage 2	Stage 3	Total
At the beginning of the year	**116,157**	**2,899**	**5,377**	**124,433**
Transfer to Stage 1	157	(157)	-	**-**
Transfer to Stage 2	(3,870)	3,870	-	**-**
Transfer to Stage 3	(3,610)	(942)	4,552	**-**
New financial assets originated	177,879	-	-	**177,879**
Transfer to Stage 2	(2,337)	2,337	-	**-**
Transfer to Stage 3	(945)	-	945	**-**
Net changes in interest accruals	338	-	-	**338**
Modification of contractual cash flows of financial assets	11	442	(309)	**144**
Repaid loans	(141,847)	(1,974)	(859)	**(144,680)**
Write-offs	-	-	(2,515)	**(2,515)**
Foreign exchange and other movements	22	-	-	**22**
At the end pf the year	**141,955**	**6,475**	**7,191**	**155,621**

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

	Stage 1	Stage 2	Stage 3	Total
At the beginning of the year	**97,760**	**2,241**	**5,618**	**105,619**
Transfer to Stage 1	636	(636)	-	**-**
Transfer to Stage 2	(1,549)	1,549	-	**-**
Transfer to Stage 3	(1,770)	(497)	2,267	**-**
New financial assets originated	142,870	-	-	**142,870**
Transfer to Stage 2	(803)	803	-	**-**
Transfer to Stage 3	(832)	-	832	**-**
Net changes in interest accruals	10	53	(11)	**52**
Modification of contractual cash flows of financial assets	94	-	-	**94**
Repaid loans	(120,340)	(661)	(1,439)	**(122,440)**
Write-offs	-	-	(1,812)	**(1,812)**
Foreign exchange and other movements	81	47	(78)	**50**
At the end pf the year	**116,157**	**2,899**	**5,377**	**124,433**

10 OTHER ASSETS

Other assets presented on entity's financial statements as at December 31, 2025 and 2024 are presented as follows:

	31 December 2025	31 December 2024
Repossessed property*	659	419
Prepayments	390	213
Receivable from related party	38	-
Financial assets at fair value though profit or loss **	2	68
Other	16	14
Total Other Assets	**1,105**	**714**

* Repossessed property represents non-financial assets acquired by the Micro Bank to settle overdue loans. The assets are initially recognized at fair value when acquired and included in inventories within other assets depending on their nature and the Micro Bank's intention in respect of recovery of these assets and are subsequently re-measured and accounted for in accordance with the accounting policies. Inventories of repossessed property are recorded at the lower of cost or net realizable value. The Micro Bank expects to dispose these assets in the foreseeable future. Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

**** Foreign Currency Forward Contracts**

Foreign Currency Forward Contracts are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts. In a foreign currency forward, the Micro Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency forwards are gross-settled.

The table below summarizes the undiscounted contractual amounts outstanding at 31 December 2025 and 2024 with remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resultant unrealized gains and losses on these unmatured contracts are recognised in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

	Notional Amount	
	31 December 2025	31 December 2024
Sell GEL to Buy USD		
Less than 3 months	52,370	41,367
Between 3 and 12 months	-	12,230
Sell EUR to Buy GEL		
Less than 3 months	952	882

The net gain or loss recognised on foreign currency forward contracts is presented in the statement of comprehensive income under the line item "Net gain/(loss) from foreign exchange trading operations," for financial instruments classified in accordance with IFRS 9 and measured at fair value through profit or loss.

11 DEFERRED TAX ASSET AND LIABILITY

Deferred tax asset and liability as of 31 December 2023, 2024, and 2025 are presented as follows:

Temporary differences at a rate of 20% due to:	Balance at 31 December 2023	Credited (charged) to the Income Statement	Balance at 31 December 2024	Credited (charged) to the Income Statement	Balance at 31 December 2025
Property and equipment	**(327)**	65	**(262)**	75	**(187)**
Intangible assets	**31**	7	**38**	100	**138**
Other assets	**-**	-	**-**	-	**-**
Borrowings	**148**	(148)	**-**	-	**-**
Lease liabilities	**950**	145	**1,095**	(115)	**980**
Other liabilities	**94**	129	**223**	69	**292**
	(51)	**125**	**74**	**206**	**280**

Income tax expense for the years ended 31 December 2025 and 2024 comprises the following:

	2025	2024
Current income tax	(1,301)	(1,067)
Effect of temporary differences	206	125
Income tax expense	**(1,095)**	**(942)**

Reconciliation of the Income tax expense based on actual statutory rate is as follows:

	2025	2024
Profit before income tax	**6,561**	**4,472**
Applicable tax rate	20%	20%
Theoretical Income tax benefit	**(1,312)**	**(894)**
Effect of permanent differences	217	(48)
	(1,095)	**(942)**

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Micro Bank's lease agreements, for which right of use assets are recognised, includes leases of the head office and branches. Lease payments for these spaces are fixed over the lease term and are denominated in USD and GEL. The incremental borrowing rates for 2024 and 2023 years are in range of 6.5%-9.5% for leases denominated in USD and 12.5-15% for leases denominated in GEL.

Lease liabilities distribution by currency is disclosed in Note 5.

Right-of-use asset is presented as follows:

	2025	2024
At the beginning of the year	**5,102**	**4,733**
New lease contracts	611	847
Modification	422	913
Amortization	(1,420)	(1,344)
Other movement	-	(47)
At the end of the year	**4,715**	**5,102**

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Lease liability is presented as follows:

	2025	2024
At the beginning of the year	**5,475**	**4,750**
New lease contracts	611	838
Interest expense	482	417
Modification	422	913
Lease payments	(1,808)	(1,659)
Foreign exchange movements	(180)	205
Other movement	18	11
At the end of the year	**4,901**	**5,475**

IBR was determined based on observable market data for a similar sector.

13 PROPERTY AND EQUIPMENT

Property and equipment as for 31 December 2025 and 2024 are presented in the table below:

	Land and buildings	Furniture and equipment	Leasehold improvements	Total
Historical Value				
Balance as at 31 December 2023	**871**	**2,549**	**1,433**	**4,853**
Additions	-	687	301	**988**
Disposals	-	(105)	(49)	**(154)**
Balance as at 31 December 2024	**871**	**3,131**	**1,685**	**5,687**
Additions	-	278	3	**281**
Disposals	-	(7)	-	**(7)**
Balance as at 31 December 2025	**871**	**3,402**	**1,688**	**5,961**
Accumulated Depreciation				
Balance as at 31 December 2023	**(91)**	**(1,668)**	**(562)**	**(2,321)**
Depreciation Expense	(15)	(323)	(231)	**(569)**
Disposals	-	105	49	**154**
Balance as at 31 December 2024	**(106)**	**(1,886)**	**(744)**	**(2,736)**
Depreciation Expense	(17)	(303)	(244)	**(564)**
Disposals	-	7	-	**7**
Balance as at 31 December 2025	**(123)**	**(2,182)**	**(988)**	**(3,293)**
Net Balance Value				
31 December 2024	**765**	**1,245**	**941**	**2,951**
31 December 2025	**748**	**1,220**	**700**	**2,668**

As of 31 December 2025, property and equipment are not pledged as collateral for loans received from financial institutions (31 December 2024: carrying amount of GEL 543 thousand).

14 CURRENT ACCOUNTS AND DEPOSITS

Current accounts and deposits as of 31 December 2025 and 2024 are presented as follows:

	31 December 2025	31 December 2024
Current accounts and demand deposits	**1,613**	**-**
In GEL	1,186	-
In Foreign Currency	427	-
Term deposits	**1,570**	**-**
In GEL	568	-
In Foreign Currency	1,002	-
Total amounts due to customers	**3,183**	**-**

15 SUBORDINATED BORROWINGS AND OTHER BORROWED FUNDS

Subordinated borrowings and other borrowed funds for the 31 December 2025 and 2024 are presented as follows:

	31 December 2025	31 December 2024
Principal	151,481	112,495
Interest Payable	3,261	1,210
Total subordinated borrowings and other borrowed funds	**154,742**	**113,705**

Details regarding subordinated borrowings and other borrowed funds are given in the tables below:

	Currency	Nominal Interest Rate	Year of Maturity	31 December 2025
Secured loans				-
Unsecured loans				
From international financial institutions	USD	7.3%-8.2%	2026-2030	50,000
From international financial institutions	GEL	12.5% - 12.8%	2026-2028	24,285
Subordinated loans	USD	8.00%	2028	5,335
From related parties	USD	4% - 7%	2026-2027	2,979
From related parties	GEL	12.5% - 13.1%	2026	548
From related parties	EUR	3.10%	2026	52
Other legal entities	USD	5.65%	2026	564
Other legal entities	GEL	12.5% - 13.1%	2026-2027	759
Bonds	GEL	12%	2026-2027	60,834
From individuals	USD	4.7% - 7.15%	2026-2027	4,460
From individuals	GEL	12.5% - 13.3%	2026-2027	4,891
From individuals	EUR	3.10%	2026	35
Total subordinated borrowings and other borrowed funds				**154,742**

15 SUBORDINATED BORROWINGS AND OTHER BORROWED FUNDS

	Currency	Nominal Interest Rate	Year of Maturity	31 December 2024
Secured loans				
From local financial institutions	GEL	11%-16%	2025	20,787
Unsecured loans				
From international financial institutions	USD	6%-9%	2025-2027	41,649
From international financial institutions	GEL	15%-15%	2025-2026	5,550
Subordinated loans	USD	0.09	2028	5,562
From related parties	USD	8%-11%	2025-2026	1,334
From related parties	GEL	11%-15%	2025-2026	241
Other legal entities	GEL	13%-15%	2025	1,059
Bonds	GEL	13%-15%	2026	30,041
From individuals	USD	2%-7%	2025-2026	2,436
From individuals	GEL	12%-15%	2025-2026	5,015
From individuals	EUR	3%	2025	31
Total subordinated borrowings and other borrowed funds				**113,705**

On December 27, 2024, the Micro Bank issued bonds worth GEL30,000 GEL, the interest rate of which was determined from its nominal value, and amounts to 425 basis points (spread) plus TIBR3M, including taxes established by law. Interest accrual will take place on a 365 day per year basis. The accrued interest will be paid four times a year on March 27, June 27, September 27 and December 27.

In the first half of 2025, the microbank issued bonds totaling GEL 22 million, the majority of which were used to refinance loans obtained from commercial banks, with the remaining portion funding the growth of the loan portfolio. The interest rate is determined based on the nominal value of the bonds and equals 400 basis points above the Tbilisi Interbank Offered Rate (TIBR3M), inclusive of statutory taxes. Interest is accrued on a 365-day basis and is payable quarterly, four times per year.

In the second half of 2025, the microbank issued bonds totaling GEL 30 million, primarily to refinance bonds issued in 2024, with the remaining portion used to fund the growth of the loan portfolio. The interest rate is determined based on the nominal value and equals 400 basis points above the Tbilisi Interbank Offered Rate (TIBR3M), inclusive of statutory taxes. Interest is accrued on a 365-day basis and is payable quarterly, four times per year.

Each bond issuance has a maturity of two years, which has helped the Company extend the duration of the funds raised.

Changes in borrowings and subordinated borrowings arising from financing activities, including both changes arising from cash flows and non-cash changes can be presented as follows:

	2025	2024
At the beginning of the year	**113,705**	**90,046**
Repayments	(58,343)	(181,804)
Proceeds	99,359	203,060
Interest paid	(11,480)	(10,520)
Net Cash flows:		
Interest expense	13,654	11,003
The effect of changes in foreign exchange rates	(2,153)	1,920
At the end of the year	**154,742**	**113,705**

16 OTHER LIABILITIES

The entity's other liabilities as of December 31, 2025 and December 31, 2024, are in the table below:

	31 December 2025	31 December 2024
Salaries Payable	1,458	1,117
Financial liabilities at fair value though profit or loss	225	246
Payables from received services	97	586
Accrued liability	69	-
Other	150	210
Total Other Liabilities	**1,999**	**2,159**

17 SHARE CAPITAL AND RESERVES

As at 31 December 2025 shareholders owned shares of the Micro Bank and comprise the Shareholder Group:

Shareholder	Percentage of total ordinary shares	Number of ordinary shares	Number of preference shares (A Class)	Number of preference shares (B Class)
Gia Petriashvili	30.95%	716,000	49,000	100
Otar Rukhadze	14.05%	325,000	108,000	400
Manana Giorgadze	9.06%	209,500	33,750	125
Taras Nizharadze	8.04%	186,000	99,900	190
Murman Ambroladze	7.78%	180,000	13,500	50
Goderdzi Meladze	6.48%	150,000	40,500	150
Giorgi Gotoshia	6.48%	150,000	13,500	50
Giorgi Vachanidze	5.34%	123,500	14,850	55
JB LLC	2.59%	60,000	27,000	100
Eter Chachibaia	2.59%	60,000	-	-
Giorgi Ghvaladze	2.59%	60,000	-	-
Nino Devdariatni	2.59%	60,000	-	-
Tatia Jajanashvili	1.45%	33,500	-	-
	100.00%	**2,313,500**	**400,000**	**1,220**

17 SHARE CAPITAL AND RESERVES

As at 31 December 2024 shareholders owned shares of the Micro Bank and comprise the Shareholder Group:

Shareholder	Percentage of total ordinary shares	Number of ordinary shares	Number of preference shares (A Class)	Number of preference shares (B Class)
Gia Petriashvili	30.95%	716,000	49,000	100
Otar Rukhadze	14.05%	325,000	108,000	400
Tengiz Maziashvili	9.06%	209,500	33,750	125
Taras Nizharadze	8.04%	186,000	99,900	190
Murman Ambroladze	7.78%	180,000	13,500	50
Goderdzi Meladze	6.48%	150,000	40,500	150
Giorgi Gotoshia	6.48%	150,000	13,500	50
Giorgi Vachanidze	5.34%	123,500	14,850	55
JB LLC	2.59%	60,000	27,000	100
Eter Chachibaia	2.59%	60,000	-	-
Giorgi Ghvaladze	2.59%	60,000	-	-
Tatia Jajanashvili	2.59%	60,000	-	-
Nino Devdariatni	1.45%	33,500	-	-
	100.00%	**2,313,500**	**400,000**	**1,220**

ISSUED CAPITAL

As at 31 December 2024 and 2023 authorized, issued and outstanding share capital comprises 2,254,000 ordinary shares. All shares have a nominal value of GEL 1.

Difference between nominal value and market price is recognised as a share premium. As at 31 December 2024 and 2023 share premium amounts GEL 1,136 thousand.

The holders of ordinary 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 Micro Bank.

PREFERENCE SHARES

During 2018, the Micro Bank issued 2,800 non-redeemable preference shares with nominal value of USD1,000. In 2022, according to minutes of the meeting #14, 50% of class B preference shares were converted into class A preference shares and the change was reflected in register of shares of the Micro Bank in January 2023. Nominal value of A class preference shares is GEL10. The ability to pay dividends is subject to the Micro Bank's financial condition and results of operations and other factors considered by Annual General Meeting.

In August 2023, in line with shareholders decision, the Micro Bank repurchased 180 B class preference shares from Taras Nizharadze with nominal value of GEL475 and it was converted into subordinated loan from shareholder.

Dividend payments on class A preference shares will be made at a variable rate, which consists of two components: the monetary policy rate approved by the National Bank of Georgia ("Refinancing rate") and rate approved by general meeting of shareholders, which is 6.5%. Dividend payment on class B preferred shares are made at a fixed rate of 10%. According the Charter of the Micro Bank, if based on the decision of AGM dividends on preference shares will not be paid two times in a row or dividend rate will be decreased, the holder of the preference shares has right to convert its preference shares into ordinary shares.

The share structure is presented as follows:

Shares	Nominal (Par) Value per Share	Carrying Value per Share
Common Shares	1.00	9.23
Class A Preferred Shares	10.00	10.00
Class B Preferred Shares	1,000.00	2,630.52

17 SHARE CAPITAL AND RESERVES

SUBSCRIBED CAPITAL

In accordance with the Law of Entrepreneurs of Georgia, the Micro Bank hereby declares that its share capital and preference shares fully represent the subscribed capital, amounting to GEL 9,244 thousand as at 31 December 2024 and 2023.

DIVIDENDS

Dividends payable is restricted to the maximum of retained earnings of the Micro Bank, which are determined according to Georgian legislation. In 2024 the Micro Bank declared preference dividends at amount of GEL 866 (2023: GEL 444).

18 NET INTEREST INCOME/EXPENSE

Net interest income as of 31 December 2025 and 2024 is presented as follows:

	2025	2024
Loans to customers	36,346	29,794
Placement with banks	665	350
Receivable from Related party	-	138
Total interest income, net	**37,011**	**30,282**

Net interest expense as of 31 December 2025 and 2024 is presented as follows

	2025	2024
Bonds	(5,766)	(2,001)
Borrowings from international financial institutions	(5,561)	(3,570)
Borrowings from individuals	(1,262)	(977)
Borrowings from financial institutions	(770)	(4,010)
Leases	(482)	(417)
Deposits	(45)	-
Other borrowings	(295)	(311)
Total interest expense, net	**(14,181)**	**(11,286)**

19 OTHER OPERATING EXPENSES

Other operating expenses for the ended years December 31, 2025 and 2024 are presented in the table below:

	2025	2024
Advertising and marketing	(940)	(727)
Bank charges	(373)	(133)
Office supplies	(348)	(319)
Tax expenses other than income tax	(243)	(220)
Communication	(234)	(190)
Loss from sale and impairment of repossessed properties	(230)	(309)
Utilities	(204)	(183)
Consulting*	(171)	(249)
Insurance expenses	(119)	-
Security	(98)	(86)
Rent	(85)	(56)
Transportation	(65)	(65)
Business trip expenses	(23)	(66)
Application inspection	-	(197)
Other	(282)	(198)
	(3,415)	**(2,998)**

* For 2025 and 2024, professional fees paid to the audit firm for the provision of audit services comprised GEL 68 and GEL 71, respectively.

20 COMMITMENTS AND CONTINGENCIES

Litigation - In the ordinary course of business, companies are usually subject to legal actions and complaints.

Following the Micro Bank's customers' failure to meet loan repayment obligations the Micro Bank is involved in legal disputes against such customers. The highest possible outcome from such legal disputes is the amount of loans receivable from such customers (including accrued interest and other charges).

Management is unaware of any significant actual, pending or threatened claims against the Micro Bank.

Compliance with covenants - The Microbank is subject to financial restrictions stipulated in the agreements for borrowed funds. Failure to comply with these covenants could lead to adverse consequences, such as the lender demanding repayment of the loan earlier than the schedule originally specified. As of December 31, 2025, and December 31, 2024, the Microbank has met all financial covenants stipulated in its credit agreements.

Taxation contingencies - The taxation system in Georgia is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by the tax authorities after three years have passed since the end of the year in which the breach occurred.

These circumstances may create tax risks in Georgia that are more significant than in other countries. 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.

Financial guarantees - As at 31 December 2024 and 2023 the Micro Bank has financial guarantee of GEL 2,200 thousand to a Georgian Commercial Bank to secure loan of a related party with premium rate of 1.5%-2%. The period of the guarantee is 10 years (5 years to maturity). The loan is secured by the property, for which the related party obtained the loan. The property

20 COMMITMENTS AND CONTINGENCIES

(residential–commercial building in Tbilisi) is pledged under the same loan as a primary security. Based on management's assessment, there is a remote chance of default. As at 31 December 2024 and 2023 the Micro Bank allocated financial guarantee in Stage 1 for the purposes of identifying expected credit loss under IFRS 9. Management estimates that ECL is immaterial at reporting date.

Undrawn loan facilities - The microbank presents its undrawn loan facilities based on the contractual terms and its established practices regarding the disbursement of such amounts. These balances are recognized as liabilities where the microbank has a customary practice of disbursing undrawn amounts without requiring further approval. As at 31 December 2025 and 2024, the balance of undrawn loan facilities amounted to 471 thousand GEL and 389 thousand GEL, respectively.

Management report - In accordance with the Law of Georgia on Security Markets (article 11) the Micro Bank has an obligation to prepare and submit Management Report to the State Regulatory Authority, together with Independent Auditors' Report no later than 15 May of the year following the reporting period. The Micro Bank has not prepared the Management Report at the date of issue of the financial statements.

Regulations of National Bank of Georgia - The Microbank maintains an appropriate level of capital to cover risks inherent to its business. The Microbank's capital adequacy is monitored through specific ratios—among other measures—established by the National Bank of Georgia for supervisory purposes.

The primary objectives of the Microbank's capital management are: (i) to ensure compliance with the capital requirements set by the National Bank of Georgia (NBG); and (ii) to ensure the Microbank's continued operation as a going concern. This involves monitoring the Microbank's capital through daily and monthly reports, which are reviewed and submitted to the National Bank of Georgia.

The Microbank manages and adjusts its capital structure, taking into account changes in economic conditions and the risks inherent to its business activities. To maintain or adjust its capital structure, the microbank may re-evaluate its business strategy, alter the return on capital provided to shareholders, or issue additional capital.

In accordance with the National Bank's regulation on capital adequacy (Regulation No. 111/04, dated June 21, 2023), capital requirements comprise the Pillar 1 minimum requirements (4.5%, 6.0%, and 8.0% for Common Equity Tier 1 (CET1), Tier 1 capital, and total capital, respectively), combined buffers (countercyclical and capital conservation buffers—set at 0.25% and 2.5%, respectively, by December 31, 2025), and Pillar 2 buffers.

In accordance with Basel III requirements, the Microbank was required to maintain a minimum supervisory capital ratio, a Tier 1 capital adequacy ratio, and a Common Equity Tier 1 capital adequacy ratio at the levels of 16.13%, 13.35%, and 11.26%, respectively. As of December 31, 2025, the Microbank was in compliance with these capital adequacy ratios.

Calculation of capital adequacy ratios as of December 31, 2025, in accordance with the National Bank's accounting rules—based on international standards—and the Basel III capital adequacy framework:

	2025
Tier 1 capital	27,812
Supplementary capital	2,098
Total regulatory capital	**29,910**
Risk weighted assets	**165,241**
Regulatory capital ratio	18.10%
Common Equity Tier 1 capital adequacy ratio/tier 1 capital adequacy ratio	**16.83%**

* These amounts are unaudited.

As at 31 December 2024 and as at the date these financial statements were authorized for issue (unaudited), the Micro Bank was in compliance with the minimum regulatory capital requirements.

21 TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Details of transactions between the Micro Bank and other related parties are disclosed below.

Related party balances and transactions as and for the year ended 31 December 2025:

2025	Shareholder	Other related parties	Key management personnel
Other assets	-	38	-
Subordinated borrowings	(4,224)	(1,028)	(1,549)
Customer accounts	(92)	(18)	(411)
Lease liabilities	-	(2,264)	-
Short-term employee benefits	-	-	(3,227)
Interest expense	(291)	(262)	(120)

Related party balances and transactions as and for the year ended 31 December 2024:

2024	Shareholder	Other related parties	Key management personnel
Subordinated borrowings	4,427	1,136	-
Other borrowed funds	1,134	440	-
Lease liabilities	-	3,005	-
Other liabilities	-	-	610
Fee and commission income	-	34	-
Interest income	-	137	-
Short-term employee benefits	-	-	(1,532)
Interest expense	(433)	(119)	-

22 EVENTS AFTER REPORTING PERIOD

NON-ADJUSTING:

Dividends - On January 30, 2026, by decision of the Supervisory Board, the Microbank declared preferred dividends in the amount of GEL 454 thousand.