ANNUAL REPORT

JSC ISBANK GEORGIA

2025

Annual Report 2025

JSC Isbank Georgia

Company Information:

Rating

Fitch Rated ‘B+’, Outlook Stable

TAX ID

404496611

SWIFT Code

ISBKGE22

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"Do not be discouraged by the lack of capital. For institutions like this, the greatest capital is intelligence, diligence, integrity, and the ability to work with technical and methodical precision. Embrace your work with this conviction, and you will undoubtedly succeed..."

Gazi Mustafa Kemal Atatürk, 1924

Türkiye İş Bankası A.Ş.
First Headoffice - Ankara

Who we are?

We create value through tailored financial solutions, reliable services, and trusted partnerships that support our customers' growth and success. Our expertise and customer-focused approach enable businesses to achieve their goals with confidence.

JSC Isbank Georgia is a joint stock company, incorporated on 29 June 2015 in accordance with legislation of Georgia. The Bank operates under a general banking license (N: 368) issued by the National Bank of Georgia on 1 August 2015. The Bank is registered by the LEPL National Agency of Public Registry and the registration number is 404496611.

Prior to its reorganization into a locally incorporated banking institution on 1 August 2015, the Bank operated as the Batumi Branch of Türkiye İş Bankası A.Ş. The branch was initially registered with the NBG on 13 July 2012 under License No. 908 as a branch of a foreign bank. The Bank's sole shareholder, Türkiye İş Bankası A.Ş., was established in Türkiye in 1924 and is one of the country's leading financial institutions.

We are focused on delivering tailored corporate and SME banking solutions, fostering cross-border trade, and ensuring stable financial growth in a dynamic regional landscape of Georgia.

Since the implementation, the Bank has consistently supported growth and development, delivering strong results through the years, achieving historical milestones reflecting continued commitment to strengthening its position on the market.

Our principal activities include:

OUR ACTIVITIES

DEPOSITS

LOANS

PAYMENT TRANSFERS

TRADE FINANCE

Message
from the Chairperson

Fourteen years ago, İşbank Group made a strategic decision to invest in Georgia — and that decision was never solely a financial one. It was a commitment to a lasting partnership between two nations whose histories, economies, and aspirations have long been intertwined. As Türkiye's first national bank, founded in 1924 under the vision of Mustafa Kemal Atatürk, İşbank has carried its founding mission across a century and well beyond its own borders. In Georgia, that mission took a clear form: to bring international banking standards together with deep local expertise, and to stand as a stable, trusted institution for the businesses and people we serve.

Today, that commitment has matured into one of the most meaningful expressions of the friendship between Georgia and Türkiye. İşbank Georgia is more than a subsidiary; it is a bridge — connecting Georgian enterprise to the strength and reach of one of Türkiye's leading financial groups and reflecting the mutual trust between our two countries in every relationship we build. On behalf of the Supervisory Council, I extend our sincere gratitude to the National Bank of Georgia for its guidance in shaping a sound and stable banking environment, to our clients and partners whose confidence and trust remains our greatest asset, and to our employees, whose dedication and integrity are the true foundation of all we have achieved.

Our responsibility is to ensure that İşbank Georgia continues to grow stronger, to govern with prudence and foresight, and to remain a partner the Georgian economy can rely on for decades to come. The first decade has built the foundation; the journey ahead we will travel with the same confidence, responsibility, and shared purpose that have defined us from the very beginning.

Tufan Kurbanoğlu

Chair of the Supervisory Council

Message

from the CEO

İşbank Georgia began its journey in Georgia in 2012 as a branch of the İşbank Group from Türkiye. In 2015, we transitioned to operate as a fully independent bank, a proud subsidiary of İşbank Group. In 2025, we commemorated our first decade in Georgia with a vibrant and inspiring event, bringing together our stakeholders, partners, and customers. This celebration truly reflected our deep commitment to both the country and our valued customers.

With a solid foundation built on its corporate values and core competencies, the İşbank Group is a leading institution committed to shaping the future. Guided by the vision of Mustafa Kemal Atatürk, the founder of the Republic of Türkiye, the Group has entered its second century with confidence, combining over a century of experience with the transformative opportunities of the future.

As a forward-looking financial institution, İşbank not only addresses the evolving needs of today but also creates sustainable long-term value by anticipating and responding to future economic, environmental, and social expectations.

Since its establishment in 1924, the İşbank Group has remained passionately committed to its founding principles. The Group consistently demonstrated strong financial performance, maintained a diversified product and service portfolio, and built a reputation that has endured across varying market conditions. As of year-end 2025, İşbank serves 25.8 million customers with the support of a highly qualified workforce of 20,630 employees.

With total assets amounting to USD 108.6 billion at the end of 2025, İşbank Group maintains its position as the largest private bank in Türkiye.

İşbank's international banking operations are conducted through a network of branches in Iraq, Kosovo, the United Kingdom, Bahrain, and the Turkish Republic of Northern Cyprus (TRNC). The Bank also maintains representative offices in Shanghai (China) and in Cairo (Egypt), while carrying out banking activities through its subsidiaries in Germany, Russia and Georgia.

As of end of 2025, İşbank held direct and indirect ownership interests in 30 subsidiaries. Including all entities under its direct and indirect control, the total number of companies within the Group reached 211.

For İşbank Georgia, 2025 was a year marked by impressive performance and significant achievements across several key areas. As of 31 December 2025, total assets reached GEL 626 million, representing a 28 % increase compared to the previous year. Customer loans continued to grow steadily, reaching GEL 409 million, an increase of 8 % year-on-year. Customer deposits recorded particularly strong growth, rising to GEL 276 million, up 129 % compared to 2024, reflecting the confidence and trust of our clients.
The Bank also delivered solid profitability, with net profit after tax reaching GEL 14.3 million in 2025. One of the most notable financial achievements of the year was the Bank's exceptional asset quality. As of year-end 2025, the non-performing loan (NPL) ratio stood at 0.31 %, the lowest level in the Georgian banking sector.

Alongside these financial accomplishments, the year was characterized by continued progress in several strategic priority areas, particularly digitalization and innovation. These initiatives enabled further enhancements to our products, services, and customer experience. A key milestone during the year was the continued development of our core banking infrastructure, building on the successful transformation completed in the previous year through the introduction of new functionalities and technological improvements.

The achievements outlined above are discussed in greater detail throughout this report, which provides a comprehensive overview of the Bank's financial performance and key developments during 2025.

These results were made possible by the dedication, professionalism, and commitment of our employees, who remain the Bank's most valuable asset. We are equally grateful to our growing customer base for their continued trust and loyalty, which inspire us to pursue excellence and innovation.

Looking ahead, İşbank Georgia remains committed to supporting the sustainable development of the Georgian economy. In the coming years, we will continue to expand our product offering, accelerate our digital transformation initiatives, and further enhance the quality and accessibility of our services to meet the evolving needs of our customers in a rapidly changing environment.

Onur Kütük

Chief Executive Officer

Our Business Model

What we deliver?

The Bank provides a broad range of banking services tailored to the needs of corporate, SME, and retail customers. Our core activities include corporate and SME lending, accepting customer deposits, domestic and international money transfers, foreign exchange operations, and other commercial and retail banking services.

Through our financial solutions, we support the operational, investment, and transactional needs of businesses and individuals, while maintaining a strong focus on service quality, reliability, and long-term relationships.

How we create value?

The Bank creates value by efficiently allocating financial resources, supporting business development, and maintaining sustainable banking operations.

We create value through:

- Financing corporate and SME activities that contribute to economic growth;
- Providing customers with secure deposit and transactional banking services;
- Facilitating local and international payments and trade-related activities;
- Maintaining balanced growth supported by prudent risk and liquidity management;
- Enhancing operational efficiency and service standards;
- Building long-term customer relationships founded on trust and responsiveness.

Our business model is designed to support sustainable profitability while delivering value to customers, employees, shareholders, and the wider business community.

How we deliver?

The Bank delivers its services through a relationship-driven operating model supported by experienced professionals, efficient processes, and effective risk management practices.

Our operating platform is built on:

- Client-focused relationship management;
- Prudent credit underwriting and portfolio monitoring;
- Strong financial, operational, and compliance controls;
- Reliable payment and transaction infrastructure;
- Continuous process improvement and digital support systems;
- Collaboration across finance, risk, operations, and business functions.

By combining personalized service with disciplined operational management, the Bank aims to deliver timely and effective financial solutions to its customers.

Our clients

The Bank serves a diversified customer base consisting primarily of:

- **Corporate clients across various industries**
- **Small and medium-sized enterprises**
- **Retail and individual customers**
- **Businesses engaged in domestic and international transactions**

Our focus remains on understanding customer needs and delivering practical, responsive, and long-term financial solutions that support their growth and financial activities.

10th ANNIVERSARY

Our Key Performance Indicators

We utilize a balanced mix of financial and non-financial metrics to monitor performance and align strategy with our stakeholders' interests. The Board continuously reviews our KPIs to ensure sustainable long-term growth and ties executive remuneration to these measures to guarantee accountability and long-term value creation.

Strategic Overview of KPIs

Stakeholder-Focused Value Creation

Our Key Performance Indicators (KPIs) provide a comprehensive picture of the Bank's health, well beyond traditional financial results. By integrating the distinct priorities of employees, customers, investors, and local communities, we ensure that our strategic decisions deliver sustainable value to everyone connected to our ecosystem.

Robust Governance and Review

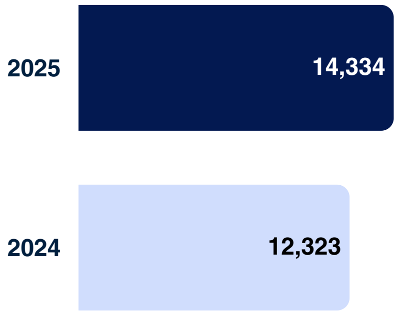
To guarantee that our KPIs remain relevant, the Board conducts regular reviews to align these metrics with our medium-term targets and overarching strategic goals. This ongoing evaluation ensures we can rapidly adapt to shifting market conditions and maintain resilient, long-term growth.

Executive Alignment

We carefully select performance measures that encourage management to prioritize sustainable, holistic growth. By linking executive compensation to these specific KPIs, we closely align leadership incentives with the long-term interests of all stakeholders.

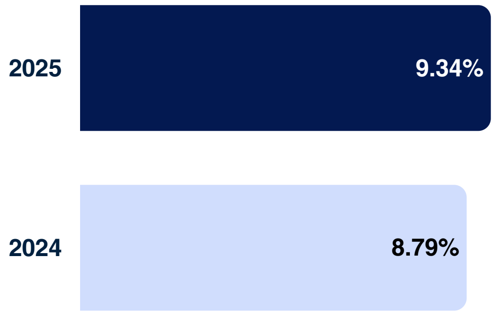
Financial KPIs

Net Profit (GEL thousand)



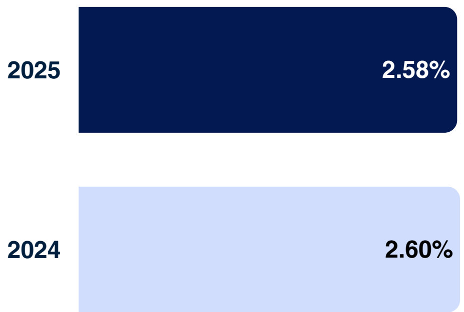
Our Net Profit increased by 16.32% YoY, powered by strong growth of banking operations.

Return on Average Equity (ROAE)



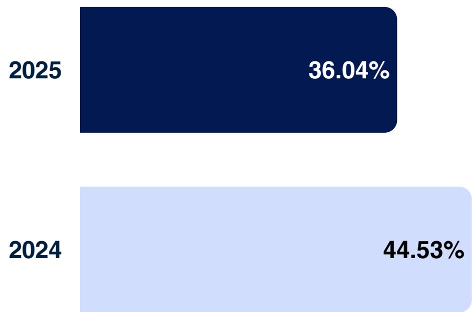
Our Return on Average Equity increased powered by the efficient utilization of shareholder's capital.

Return on Average Assets (ROAA)



Our Return on Average Assets remained resilient, demonstrating our sustained profitability and efficient utilization of assets.

Cost to Income Ratio



Our Cost to Income results indicate improved operational efficiency and effective cost management alongside revenue growth.

Non-performing Loans (NPLs)

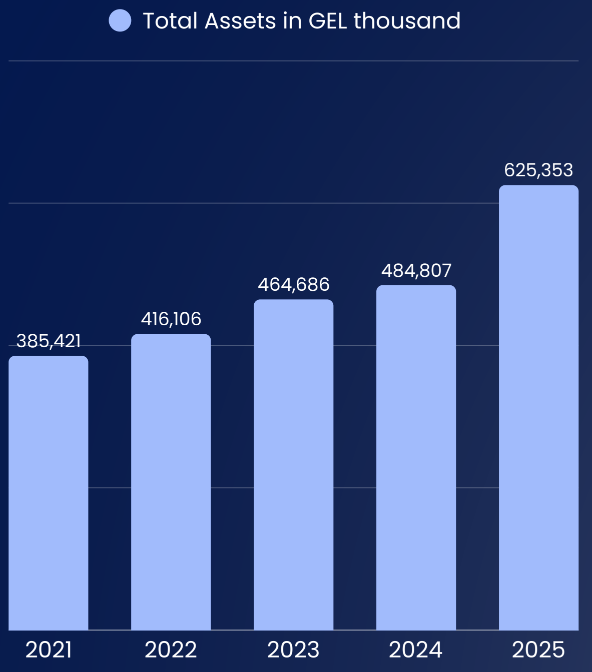
Our Non-performing Loans reflect the Bank's prudent recognition of credit risk while maintaining resilient and well-managed loan portfolio.

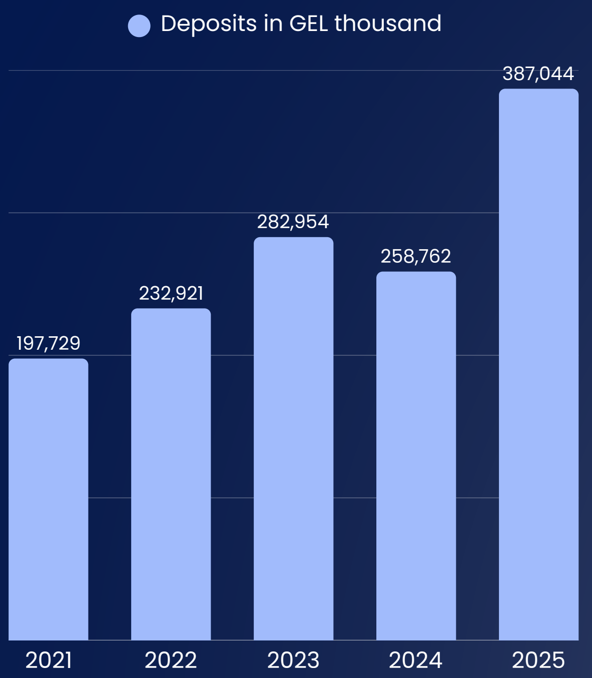
Net Interest Margin (NIM)

Our Net Interest Margin remained stable, reflecting our continued ability to generate consistent net interet income while maintaining disciplined balance sheet and pricing management.

Our Growth Performance

JSC Isbank Georgia





Key Figures

The financial year 2025 of Isbank Georgia concluded with annual net profit of GEL 14,334 thousand Lari, indicating a significant increase of 16.32%, compared to previous year.

Ratios	2025	2024
Profitability		
Total Interest Income /Average Annual Assets	7.36%	8.06%
Total Interest Expense / Average Annual Assets	2.94%	3.34%
Earnings from Operations / Average Annual Assets	5.19%	5.60%
Net Interest Margin	6.23%	6.23%
Return on Average Assets (ROAA)	2.58%	2.60%
Return on Average Equity (ROAE)	9.34%	8.79%
Asset Quality		
Non Performed Loans / Total Loans	0.32%	0.28%
LLR/Total Loans	0.65%	0.48%
FX Loans/Total Loans	58.13%	49.96%
FX Assets/Total Assets	63.39%	55.99%
Loan Growth-YTD	7.98%	14.36%
Liquidity		
Liquid Assets/Total Assets	45.98%	18.87%
FX Liabilities/Total Liabilities	85.71%	80.99%
Current & Demand Deposits/Total Assets	13.71%	14.95%
Liquidity Coverage Ratio		
Total HQLA	232,026,575	94,831,123
Net cash outflow	66,993,631	71,811,251
LCR ratio (%)	346.34%	132.06%
Net Stable Funding Ratio		
Available stable funding	353,158,789	273,271,719
Required stable funding	243,941,401	257,982,805
Net stable funding ratio (%)	144.77%	105.93%

*The Key financial ratios presented above have been calculated based on financial information prepared in accordance with IFRS, ensuring consistency and comparability of performance measures.

Memberships

Association	Description	Date
GÜRTİAD (Turkish Business People Association in Georgia)	Non-governmental organization established in Tbilisi, Georgia, to foster economic, trade, and business relations between Georgia and Türkiye	2016
AmCham (American Chamber of Commerce in Georgia)	A private, non-profit organization focused on promoting trade and investment between the United States and the country of Georgia	2017
Georgian Banks Association	Non-commercial legal entity that ensures representation of the bank's interests on tax, regulatory and banking legislation changes	2019
Georgian Financial Markets Treasuries Association	Organization that fosters the development of the financial market, specifically the Foreign Exchange (FX), bond, and derivatives markets.	2025

100%

The bank maintained compliance with 100% of mandatory membership requirements across payment and banking networks.

Shareholder Structure

Share Distribution

Türkiye İş Bankası Anonim Şirketi

100%

JSC Isbank Georgia

HISTORY

JSC Isbank Georgia is a subsidiary of JSC Isbank Türkiye - Türkiye İş Bankası Anonim Şirketi (hereafter the “Parent”, the “Shareholder” or “Isbank Türkiye”) which was incorporated in Türkiye in 1924 and owns 100% of the bank.

Isbank Türkiye first entered Georgian market in 2012 when Batumi Branch of JSC Isbank Türkiye (the “Branch”) was opened.

On August 1st, 2015 the Branch was reorganized into JSC Isbank Georgia, (License N: 368). The Bank is registered by the LEPL National Agency of Public Registry and its identification number is 404496611.

Türkiye İş Bankası

At a Glance

The Parent Bank is the largest private bank in Türkiye with total assets, loans and deposits volume, as well as with number of branches and ATMs. The total assets volume is USD 107.8 bn as of 31 December 2025, out of which 50% is loan portfolio. Total assets show increase of 39,1% compared to the previous year. Deposit amount is USD 72.2 bn that constitutes 74% of total liabilities.

Activities of the Bank and the Group was incorporated in Türkiye in 1924. The Bank provides private, retail, commercial and corporate banking, money market and securities market operations as well as international banking services.

The Bank now operates with 997 branches in Türkiye and 22 foreign branches, 3 fully owned bank subsidiaries, 2 representative offices in 11 countries.

The shares are quoted on the Istanbul Stock Exchange and are traded on the London Stock Exchange in the form of GDRs.

Diversified Equity Participation Portfolio

The Bank's shareholder is one of the largest conglomerates in Türkiye. Its main activities are related to banking and other financial services covering insurance, private pension fund, asset management, leasing and factoring, investment banking and brokerage services, and glass production. As of December 2025, Isbank has 17 participations. Share of participations in total assets is 6.0%. 66.6% of the participations are listed.

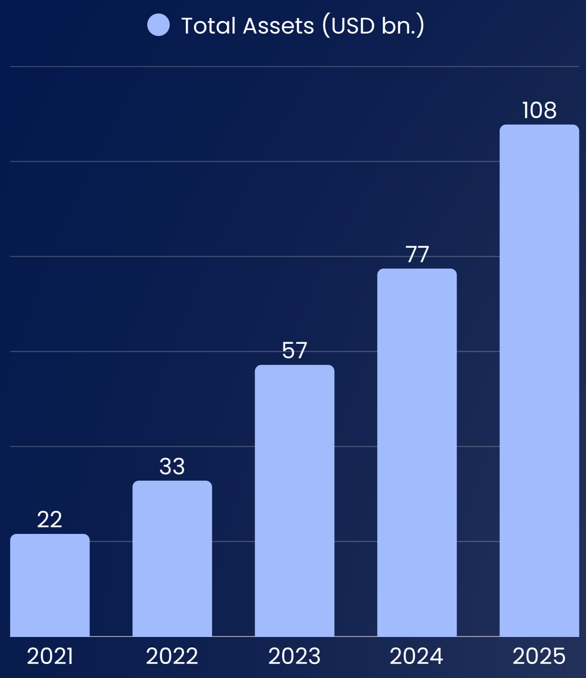
Türkiye İş Bankası is represented by 3 subsidiary banks internationally: Isbank Georgia (Georgia), Isbank AG (Germany) and JSC Isbank (Russia).

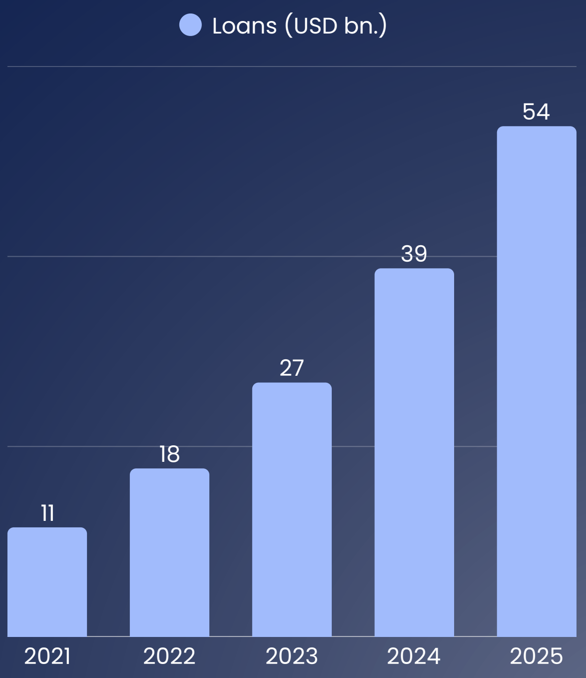
Glass Production

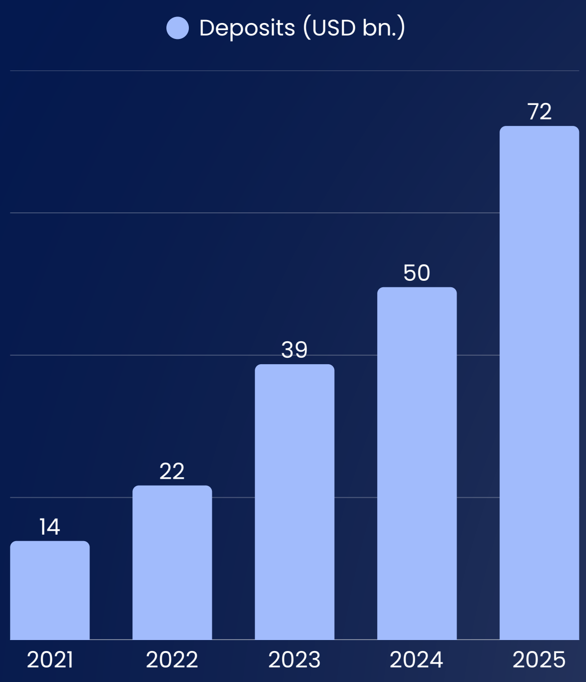
One of the most important group companies is Şişecam, which is a leading glass manufacturing group worldwide. Şişecam expands its production operations into neighbouring countries. It is important to note that Şişecam Group’s first investment outside of Türkiye was the purchase of Ksani Glass Factory in 1997, near Ksani Village in Georgia. The Group sells its products to over 150 countries, operating in 19 countries with 22,495 employees.

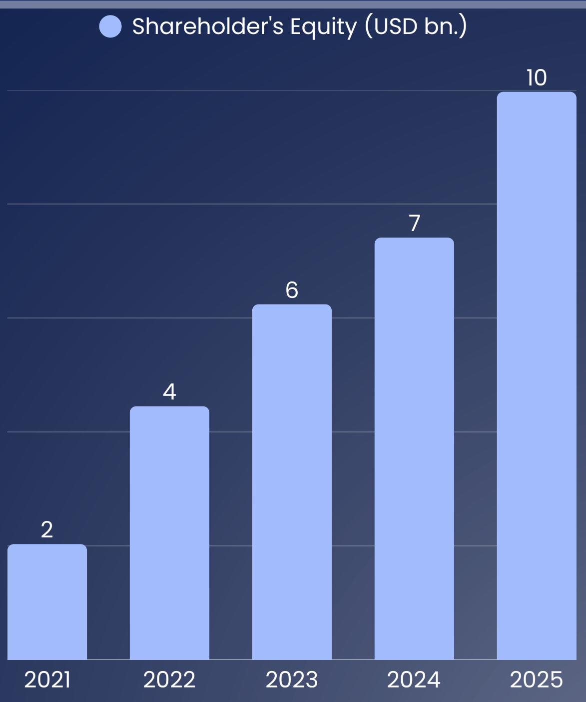
Growth Performance

Türkiye İş Bankası









Market Shares

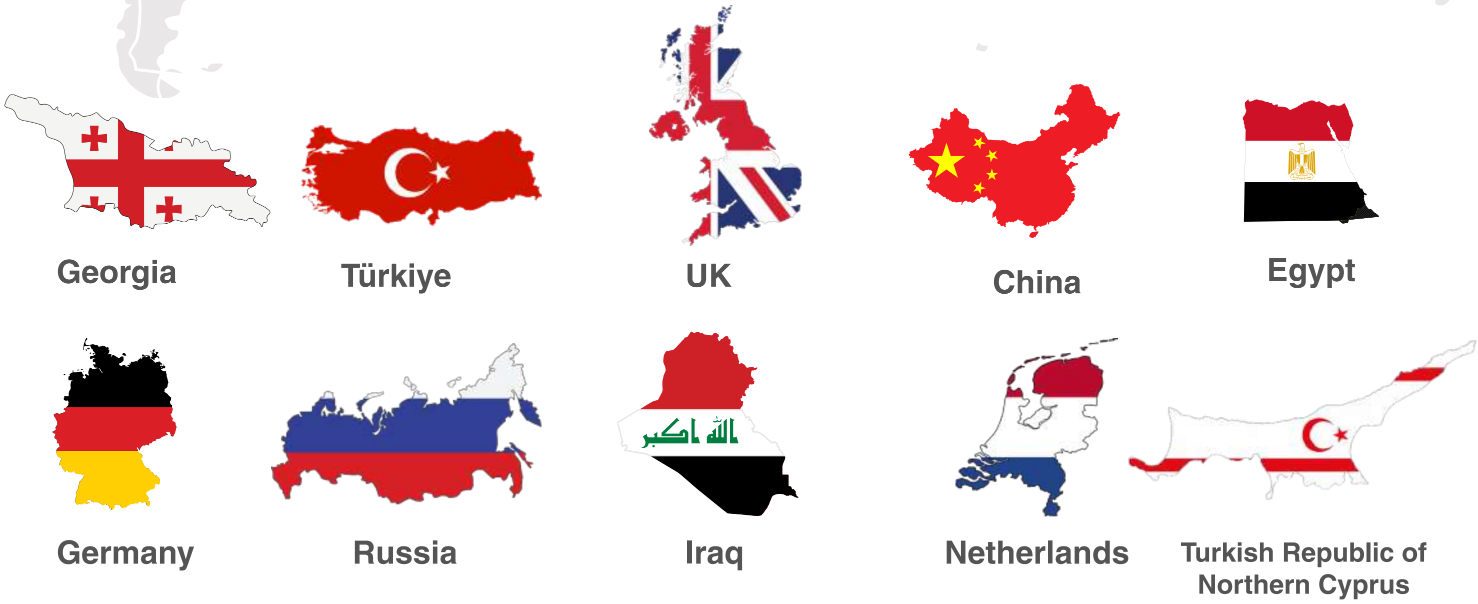
Türkiye İş Bankası

Main Balance Sheet Items	Market Share (%)	Rank
Total assets	10.9	1st
Total loans	10.8	1st
TL loans	11.1	2nd
FX loans	10.5	1st
Consumer loans	13.6	3rd
Non-retail loans	9.4	1st
Total deposits	12.2	1st
TL deposits	11.0	1st
FX deposits	14.2	1st
Demand deposits	14.6	1st
Shareholder's equity	11.1	2nd

Other Products and Distribution Network	Market Share (%)	Rank
Number of branches	11.0	1st
Number of ATM's	12.1	1st

(1) Market share calculations are based on weekly BRSA data excluding participation banks. Total assets market share is based on monthly BRSA data
(2) Ranking among private-sector banks
(3) Including retail overdraft accounts
(4) Excluding interbank deposits
(5) Market share calculations are based on Interbank Card Center (BKM) data.

International Coverage



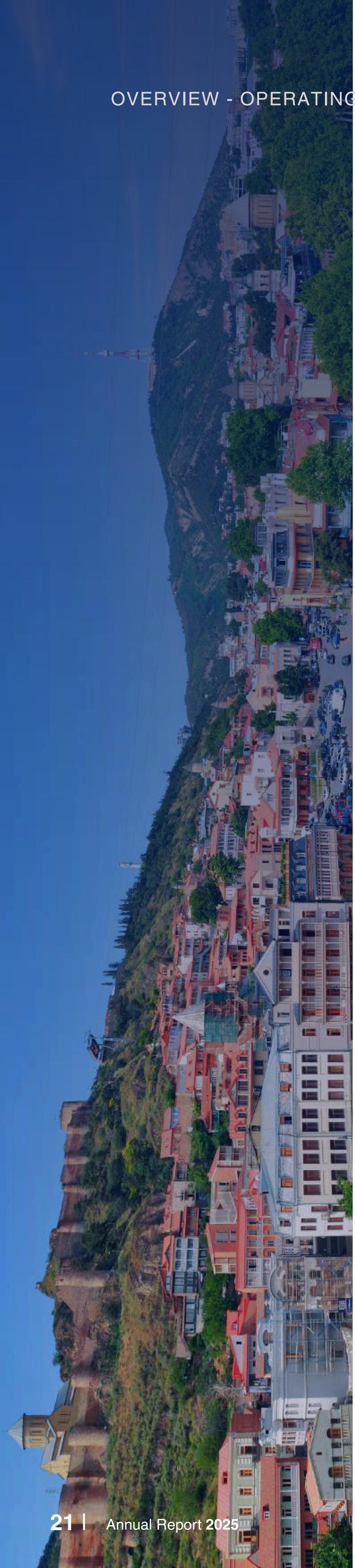
**Operations in the Kosovo and Bahrain branches have been formally ceased. The branches are currently undergoing a process to finalize remaining administrative matters.*

Tskaltsitela River - Kutaisi

Our Operating Environment

Georgia’s operating environement remained resiliet throughout 2025, supported by stable economic growth, strong business activity, and a well-regulated financial sector that continued to foster confidence and investment.

Population **3.9 mln**	**Average Age** **35-39**	**Nominal GDP USD** **38.1 bln**
GDP per capita USD **10,296**	Gross International Reserves USD **6.2 bln**	Expected Growth Performance **5.4%**
Inflation **4.0%**	Monetary Policy Rate **8.0%**	Credit Ratings (Fitch Ratings) **BB Stable**



Macroeconomic Overview

The economy of Georgia demonstrated continued resilience and strong performance in 2025, supported by robust domestic demand, solid external inflows, and sustained activity in the services sector. Real GDP growth remained elevated, estimated at approximately 7.5%, positioning Georgia among the fastest-growing economies in the region.

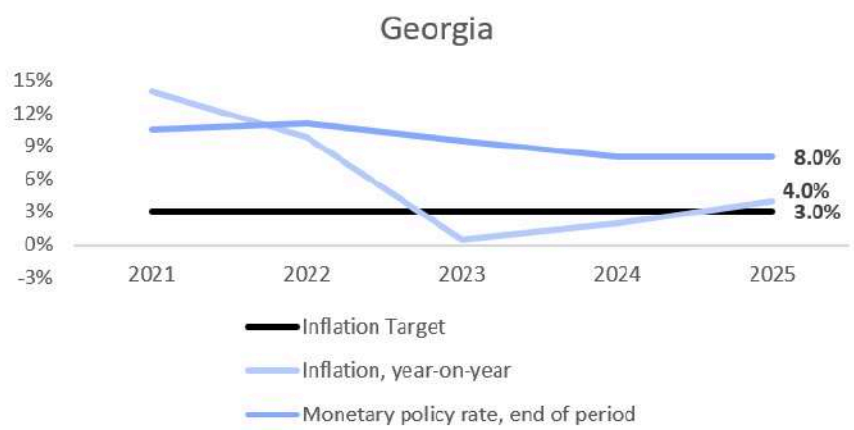
Economic activity was primarily driven by private consumption, underpinned by rising incomes and credit expansion, alongside strong performance in tourism and trade-related services. While growth moderated compared to the exceptionally high rates observed in prior years, macroeconomic fundamentals remained sound, reflecting prudent economic management and stable policy framework.

Looking ahead, growth is projected to moderate to approximately 5.4% in 2026, converging toward the economy's medium-term potential. This expected normalization reflects easing external inflows and a more balanced contribution of domestic and external demand. Nevertheless, growth is anticipated to remain robust relative to peer economies.

Inflation and Monetary Policy

Inflation dynamics remained broadly contained during 2025, with average inflation stabilizing at around 4%, following a period of elevated price pressures in previous years. However, inflation exhibited a modest uptick in early 2026, driven primarily by external factors, including higher global commodity and energy prices.

The National Bank of Georgia maintained a prudent monetary policy stance, balancing the need to anchor inflation expectations with support for economic activity. While gradual easing cycle has been considered, policy normalization has proceeded in response to persistent external uncertainties. Over the medium term, with the policy rate at 8%, inflation is expected to converge toward the central bank's target of 3%, supported by disciplined monetary policy and stabilizing external conditions.



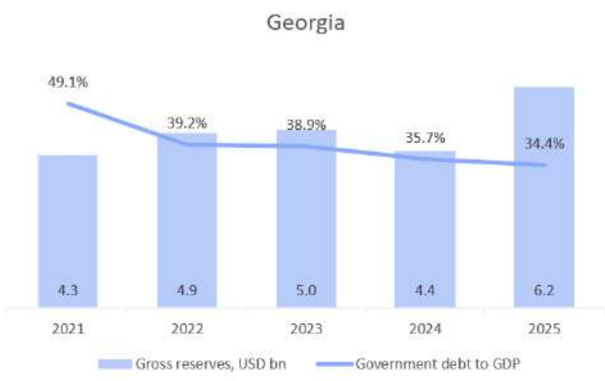
Source: NBG, Geostat

Currency and External Sector

The Georgian Lari (GEL) remained broadly stable throughout 2025, supported by strong foreign currency inflows from tourism, remittances, and exports. Exchange rate volatility was relatively limited compared to previous periods, reflecting improved macroeconomic stability and strengthened external buffers. The external position improved notably, with the current account deficit narrowing to approximately 2.6% of GDP, driven by strong services exports and favorable trade dynamics. International reserves remained at adequate levels, providing a solid buffer against external shocks and supporting confidence in the country’s macroeconomic framework.

Fiscal Position

Fiscal policy remained prudent and aligned with medium-term sustainability objectives. Government debt declined further to approximately 34% of GDP, reflecting strong nominal GDP growth and disciplined fiscal management. Revenue performance remained robust, supported by strong economic activity, while expenditures were managed within fiscal rules. Continued access to international capital markets on favorable terms further underscored investor confidence in Georgia’s macroeconomic stability.



Source: NBG, Geostat, MOF

Banking Sector Performance

The banking sector in Georgia continued to demonstrate strong resilience and profitability in 2025, supported by favorable macroeconomic conditions and prudent regulatory oversight. Credit activity remained robust, driven by both retail and corporate segments, including SME financing.

Deposit growth continued to provide a stable funding base, while liquidity and capital adequacy ratios remained well above regulatory minimums. Asset quality indicators remained stable, reflecting effective risk management practices, although the sector continues to monitor potential risks associated with external uncertainties and interest rate dynamics. The regulatory framework, led by the National Bank of Georgia, continues to support financial stability through conservative supervisory practices and ongoing sector development initiatives.

- Fitch upgraded the assessment of the banking operating environment from 'bb-' to 'bb' in late 2025, citing sustainable development and strong credit performance.
- S&P highlights that Georgia leads the region in banking regulation and supervision, noting that asset quality (NPLs at 2.6%) is among the strongest in the region.
- Moody’s recently revised its banking system outlook from negative to stable in February 2026, reflecting improved capital buffers and resilient asset quality.

The banking sector delivered another year of strong financial results. Total assets expanded by approximately 15–18% year-on-year, driven primarily by continued growth in the loan portfolio. Gross loans increased by an estimated 16–20%, reflecting sustained demand from both corporate and retail segments, particularly in business lending and consumer finance. On the funding side, customer deposits grew by around 12–15%, maintaining a stable and diversified funding base.

Profitability remained a key strength of the sector. Return on equity (ROE) stayed elevated in the range of 20–25%, while return on assets (ROA) remained strong at approximately 3–4%, supported by solid net interest margins and disciplined cost management. At the same time, asset quality indicators remained stable, reflecting prudent underwriting standards and effective risk management practices.

Capitalization and liquidity levels continued to exceed regulatory requirements by a comfortable margin. The average capital adequacy ratio across the sector remained above 18–20%, well above minimum thresholds, while liquidity coverage ratios also remained strong, ensuring resilience against potential external shocks.

Digital transformation remained a central driver of change. The banking sector continued to invest heavily in digital channels, with a growing share of transactions conducted through mobile and online platforms. Open banking initiatives and the expansion of API-based services gained further traction, while progress toward adoption of the ISO 20022 payment messaging standard enhanced the efficiency and interoperability of the financial infrastructure.

Capital market activity also strengthened notably. Corporate bond issuances in the local market exceeded GEL 2.7 billion during the year, reflecting increased investor confidence and gradual diversification of funding sources beyond traditional bank lending. At the same time, sustainable finance initiatives gained momentum, with the NBG promoting ESG integration and encouraging green financing practices across the sector.

Internationally, Georgian banks continued to benefit from positive sentiment among investors and rating agencies. Several institutions maintained stable or improved outlooks, reflecting strong capitalization, high profitability, and resilient operating performance. This was further supported by continued inflows of foreign capital and sustained interest from international financial institutions.

Overall, 2025 can be characterized as a year of strong double-digit growth, high profitability, and continued structural progress. The Georgian banking sector not only reinforced its financial strength—with asset growth approaching 20%, profitability above 20% ROE, and low single-digit NPL ratios—but also advanced in areas critical to its long-term development, including digitalization, financial diversification, and regulatory alignment with international standards.

These trends position the sector to remain resilient and competitive, while continuing to play a central role in supporting economic growth and financial stability in the years ahead.

Inflation is expected to gradually stabilize, while prudent fiscal and monetary policies are anticipated to support macroeconomic stability. The banking sector is expected to remain well-capitalized, liquid, and profitable, providing continued support to economic activity.

Despite the positive outlook, the economy remains exposed to several risks. Ongoing geopolitical tensions in the wider region, including developments in Ukraine and the Middle East, could affect trade flows, tourism activity, investor confidence, and energy prices. Continued volatility in global commodity markets may contribute to inflationary pressures and increase operating costs for businesses and households.

Sector Trends

- Microfinance transforming into banks
- Digital banks entering the market
- Strong digitalization of traditional banks
- Tighter regulatory compliance
- Enhanced capital adequacy and liquidity rules
- Shift toward bond issuance

Economic and Sector Projections

- Inflation expectation at 3%
- Annual GDP growth at 5%-6%
- Strong local currency
- Sustainable capital and remittance inflow
- Stable foreign reserves Loan growth by 13-15%

Outlook and Key Risks

Following another year of strong economic performance in 2025, Georgia's economy is expected to continue expanding in 2026, albeit at a more moderate pace. Economic growth is projected to remain robust and above regional averages, supported by resilient domestic demand, investment activity, tourism revenues, and continued development of the services sector.

As a small and open economy, Georgia remains sensitive to economic developments in its key trading partner countries. A slowdown in global or regional economic growth could adversely affect exports, remittances, foreign direct investment, and external demand. In addition, tighter global financial conditions, elevated interest rates, or increased volatility in international capital markets could affect access to external financing and increase funding costs. While the Georgian Lari remained broadly stable during 2025, exchange rate fluctuations remain a potential risk due to the economy's dependence on imported goods and external inflows. Significant currency volatility could place upward pressure on inflation and affect the debt-servicing capacity of foreign currency borrowers. Domestic risks include stronger-than-expected inflation, rapid credit expansion, potential deterioration in asset quality in the event of weaker economic conditions, and uncertainties related to the pace of structural reforms and Georgia's European integration process. Nevertheless, supported by sound macroeconomic fundamentals, prudent economic policies, adequate international reserves, and a resilient financial sector, Georgia enters 2026 from a position of relative strength and remains well-positioned to navigate external challenges.

As of February 2026, the major international rating agencies Fitch, S&P, and Moody's maintain a stable outlook for Georgia, reflecting a balance between strong macroeconomic resilience and persistent geopolitical and domestic political risks.

Agency	Rating	Outlook	Key Drivers
S&P Global	BB/B	Stable	Solid economic/fiscal performance; offset by reliance on temporary migration-related inflows.
Fitch Ratings	BB	Stable	Significant growth in FX reserves (reaching \$5.6B-\$6.2B); healthy banking sector profitability.
Moody's	Ba2	Stable	Macroeconomic resilience; balanced assessment of regional geopolitical risks.

Global and Regional Risks

U.S. Tariff Impact: The April 2025 U.S. tariffs continue to impact global trade flows. While Georgia's direct export exposure to the U.S. is low (~1%), the indirect effects such as weakened investor sentiment and potential declines in re-export margins for vehicles remain key monitoring points for credit portfolios.

Geopolitical Volatility: The ongoing conflict in Ukraine remains the "single most important variable" for the outlook. While Georgia has benefited from transit trade and financial inflows linked to the conflict, a potential resolution or shift in these flows could reverse some of these temporary gains.

Regional Integration: A preliminary peace agreement between Armenia and Azerbaijan reached in August 2025 is viewed as a positive driver for regional stability and deeper economic integration in the Caucasus through 2026.

Strategic Growth Drivers Ensuring Georgia's Evolving Role as a Logistical Hub

Middle Corridor Momentum: In February 2026, the government reaffirmed the Middle Corridor as a stable, reliable transit route connecting East Asia and Europe.

Anaklia Deep Sea Port: Construction has entered an active phase in 2026. Recognized by the European Commission as a strategic priority for Europe's economic security, the port is designed to handle large container vessels and is expected to handle at least 1 million TEUs annually by 2035.

Energy Connectivity: Georgia has allocated GEL 25 million in the 2026 budget for the Black Sea Submarine Cable geological surveys, the project of a €2.3 billion initiative to link Georgia's electricity and digital systems directly to Romania remains a cornerstone of the 2026-2028 regional integration strategy

Strategic Focus

To ensure that our strategic direction remains robust and relevant, we maintain an ongoing dialogue with key stakeholders, incorporating their perspectives and feedback into decision-making processes.

Overview

Looking ahead, we see clear opportunities to build on our current momentum. Entering 2026 with a strong balance sheet, improved liquidity, and a solid capital base, we are well positioned to expand our lending activities and further deepen relationships with our corporate and SME clients. We remain committed to delivering sustainable growth and long-term value for our stakeholders, while continuing to support the development of the real economy.

At the end of each year, we conduct a comprehensive assessment of our current position and, based on this analysis, define our strategy for the next three years. The JSC Isbank Georgia Strategic Plan for 2026–2028 provides a clear roadmap to strengthen our position in the Georgian banking sector and the wider region. We focus on sustainable growth, digital innovation, and operational excellence, while maintaining strong risk management and compliance standards, with the aim of transforming the Bank into a modern, customer-centric, and technologically advanced financial institution.

Core Pillars

Strategy is structured around clearly defined core pillars that guide our strategic priorities and implementation across all business areas.

- Digital Transformation
- SME & Corporate Growth
- Brand Presence
- Risk, Compliance & Operational Excellence
- Treasury & Financial Strength
- Customer Experience & Service Modernisation
- People & Organizational Transformation

Mission and Vision

To become the most efficient and personalized banking partner, dedicated to empowering our clients by providing tailored solutions that help them achieve their goals.

Our mission is articulated through the key principles, which serve as the foundation for our strategic and operational activities

01 Support the economic growth and success of our clients

02 Facilitate trade and cross-border business between Georgia and Türkiye

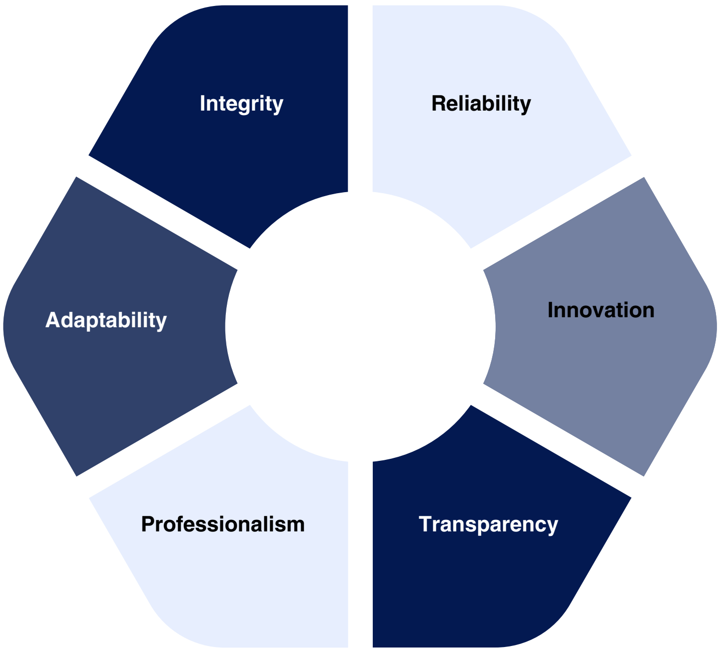
03 Deliver safe, modern, and customer-centric banking solutions

04 Strengthen compliance and foster a robust risk culture

05 Build digital foundations to enable scalable growth

06 Create sustainable value for both shareholders and customers

We strive to become a modern, customer-oriented, and sustainable financial institution, guided by the core values



OVERVIEW OF FINANCIAL RESULTS AND HIGHLIGHTS

JSC Isbank Georgia remains committed to fostering economic growth and employment by delivering tailored financing solutions to the nation's corporate and commercial enterprises. Our strategic focus integrates robust business performance with environmental and social responsibility, ensuring proactive reputation management and strict regulatory compliance. As part of our commitment to sustainable growth, we are actively refining our credit portfolio analysis in line with internal policies. Furthermore, we are dedicated to fostering a healthy, engaging corporate culture, aiming to remain an employer of choice for both current and prospective talent.

Tbilisi Branch

Financial Position

Statement of Financial Position as at 31 December 2025
(in thousands of Georgial Lari)

	2025	2024
ASSETS		
Cash and cash equivalents	158,048	47,606
Mandatory reserves at the National Bank of Georgia	49,327	40,896
Loans to customers and factoring receivables	326,058	323,601
Investment securities	-	2,976
Bonds at amortized cost	80,162	53,238
Property, equipment, intangible and right-of-use assets	8,866	9,823
Income tax asset	369	3,823
Other assets	2,523	2,844
TOTAL ASSETS	**625,353**	**484,807**
LIABILITIES		
Amounts due to credit institutions	111,508	138,444
Amounts due to customers	275,536	120,318
Other borrowed funds	56,866	70,186
Subordinated debt	13,479	-
Deffered tax liabilities	664	670
Other liabilities	6,585	8,808
TOTAL LIABILITIES	**464,638**	**338,426**
EQUITY		
Share capital	69,162	69,162
Retained earnings	91,553	77,219
TOTAL EQUITY	**160,715**	**146,381**
TOTAL LIABILITIES AND EQUITY	**625,353**	**484,807**

Assets and Financial Position

The year ended 31 December 2025 marked a period of strong growth and strategic repositioning for our Bank, reflected in the significant expansion of our balance sheet and a continued strengthening of financial position. JSC Isbank Georgia has demonstrated resilience and stability across 2023–2025, despite market volatility and competitive pressures. Aligned with our targeted sales approach, operational focus remained firmly on engaging companies in the corporate sector. Hereby, the financial year 2025 ended with the assets balance of over GEL 625.4 million, showing an increase of 28.99%, compared to the previous year. This strong expansion reflects continued business growth and balance sheet scaling. The growth was primarily driven by a substantial increase of 232% in cash and cash equivalents, Mandatory reserves with the central bank of 20.62% and continuous expansion in the portfolio of loans and bonds, which rose from GEL 328.8 million thousand in 2023 to GEL 376.8 million in 2024, before climbing to GEL 406.2 million.

A notable feature of 2025 was the significant strengthening of our liquidity position. Cash and cash equivalents surged to GEL 158 million in 2025 from GEL 47.7 million, showcasing a massive boost in liquidity driven by robust deposit inflows and prudent treasury management. This increase reflects both strong inflows from customers and a prudent approach to liquidity management, ensuring we maintain a solid buffer to support future growth and meet our obligations. We continue to prioritize asset quality and sustainable growth over rapid expansion, maintaining a balanced risk profile in a dynamic economic environment.

On funding side, we achieved substantial progress in strengthening our deposit base. Amounts due to customers increased significantly to GEL 275.5 million, more than doubling compared to the previous year. This growth highlights increased customer confidence and the effectiveness of our funding strategy, enabling a gradual reduction in reliance on external borrowings. In line with this approach, amounts due to credit institutions and other borrowed funds decreased during the year.

Liability structure and funding increased by 37.29% to GEL 464.6 million, compared to 2024, outpacing asset growth. At the same time, we further strengthened our capital position. Total equity reached GEL 160.7 million, supported by an increase in retained earnings to GEL 91.6 million, indicating solid profitability and our ability to generate capital internally.

Overall, 2025 was characterized by robust financial growth, improved funding quality, and enhanced liquidity. We continued to transition toward a more stable and sustainable funding structure, underpinned by a growing customer deposit base and reduced dependence on external financing with a strong footing for future growth.

Financial Performance

Statement of Profit or loss and other comprehensive income for 2025 (in thousands of Georgial Lari)

	2025	2024
Interest income calculated using effective interest rate	40,830	38,265
Interest expense	(16,332)	(15,839)
Net interest income	**24,498**	**22,426**
Fee and comission income	3,318	3,313
Fee and comission expense	(450)	(608)
Net fee and comission income	**2,868**	**2,705**
Gains less losses from trading in foreign currencies	1,859	987
Foreign exchange translation (losses)/gains	(406)	492
Net foreign exchange gain	**1,453**	**1,470**
Losses from disposal of investment securities measured at FV OCI	-	-
Expected credit loss	(851)	(2)
Operating income after credit loss	**27,968**	**26,599**
Personnel expenses	(6,325)	(6,486)
Other income	1,232	3
Other expenses	(4,837)	(4,970)
Profit before income tax	**18,038**	**15,146**
Income tax expense	(3,704)	(2,823)
Profit for the year	**14,334**	**12,323**
Other comprehensive income		
Movement in FV of investment securities measured at FV OCI	-	-
Other comprehensive income for the year	**-**	**-**
Total comprehensive income for the year	**14,334**	**12,323**

Income and Financial Performance

In 2025, we delivered a resilient and well-balanced financial performance, supported by its strategic focus on corporate and SME clients, disciplined risk management, and continued expansion of our core banking services. Our operating model - centered on corporate lending, deposit mobilization, and transactional banking services, including domestic and international payments and foreign exchange – continues to generate stable and diversified income streams.

We are pleased to report that our net interest income, our primary revenue driver, increased by 9.24% year-on-year to GEL 24.5 million compared to 22.4 million in the prior year. This growth reflects combined effect of a loan portfolio and a significant increase in liquid assets, enabling us to capture additional yield opportunities. Interest income rose by approximately 6.7%, while interest expense increased at a higher rate of 3.11%, driven by more than doubling customer deposits of 129%, which strengthened our funding base. Despite this, we maintained a solid net interest margin, supported by our focus on higher-yielding corporate and SME lending.

Net fee and commission income grew moderately by 6.03%, reaching GEL 2.9 million, reflecting steady transactional activity across our client base. Payment services – both domestic and cross-border, including key international corridors such as Türkiye – alongside account servicing and foreign exchange-related commissions, continued to provide a reliable source of non-interest income. This highlights our increasing role as a transactional hub for predominantly corporate clients.

Net foreign exchange income declined slightly by 1.16% year-on-year to GEL 1.5 million, primarily due to lower market volatility compared to the prior year. Nevertheless, foreign exchange operations remain an important complementary revenue stream, closely linked to client—driven transactions and trade activity.

Operating income after credit loss increased by 5.15% to GEL 28 million compared to prior year of GEL 26.6 million. This performance was achieved despite notable increase in expected credit loss charges to GEL 0.9 million, reflecting a more conservative provisioning approach and prudent risk recognition aligned with our lending activities.

We maintained strong cost discipline throughout the year. Total operating expenses decreased slightly, with personnel expenses declining by 2.48% and other operating expenses by 2.68%, despite ongoing business growth. As a result, we improved our operational efficiency, demonstrating positive operating leverage as income growth outpaced cost dynamics.

Profit before income tax increased significantly by 19.09% to GEL 18 million, compared to GEL 15.1 million in 2024. Net profit for the year reached GEL 14.3 million, representing a 16.32% increase year-on-year, underlining our ability to translate revenue growth and cost efficiency into bottom-line performance.

While loan portfolio growth remained moderate, this reflects a deliberate strategy prioritizing asset quality and sustainable returns over rapid expansion. At the same time, the significant increase in liquidity positions let us to capitalize on future lending opportunities and respond flexibly to market developments.

Liquidity and Cash Management

in 2025, JSC ISBank Georgia's Treasury and FI functions continued to play a central role in maintaining financial stability while supporting business growth. We manage liquidity and market risks within a structured framework approved by management and overseen through established governance bodies, including the Asset and Liability Management Committee (ALCO.)

We maintained a strong liquidity position throughout the year, supported by high-quality liquid asset buffer and conservative funding approach. Key liquidity metrics remained consistently above regulatory requirements, with the LCR around 200% over the period. Liquidity is actively managed through forward-looking planning and continuous monitoring, ensuring our ability to meet obligations under both normal and stressed conditions.

Funding Source	'000 GEL Amount	Share
Customer Deposits	275,536	62.59%
Borrowings	56,866	12.92%
Money Market	107,855	24.50%
Total	**440,257**	**100.00%**

The funding structure remains anchored in stable, corporate-driven deposit base, which accounted for approximately 63% of total funding. External funding from financial institutions and international partners complements the deposit base, allowing us to support loan growth while maintaining prudent liquidity buffers. As of year-end, the loan-to-deposit ratio stood at 105%, reflecting a period of active lending, managed within our overall liquidity framework.

Treasury activities are conducted within a clearly defined risk management framework, focused on capital preservation and prudent balance sheet management. We do not engage in proprietary trading, and all foreign exchange transactions are client-driven or undertaken for liquidity management purposes. Liquidity and market risks are subject to continuous monitoring, with day-to-day management and control performed by the Treasury function, supported by established governance and oversight frameworks.

Risk exposures are managed against internal limits that are intentionally set more conservative than regulatory thresholds. This provides an additional buffer against market volatility and ensures that we always operate well within acceptable risk parameters. Compliance within these limits is regularly monitored and reported through our governance structure. Our securities portfolio, totaling approximately GEL 80 million, is primarily maintained as a liquidity buffer. More than 70% of the portfolio is eligible for refinancing with NBG enabling access to liquidity through repo operations when required. The portfolio is structured to balance liquidity needs and income generation, while maintaining a low risk profile.

The Financial institution function further supports our liquidity and funding strategy by providing access to international financial markets. We maintain relationships with more than 50 financial institutions across Türkiye, Europe and other international markets, supported by a diversified limit structure exceeding USD 200 million. These relationships facilitate cross-border transactions, support trade finance activities and provide access to foreign currency funding. As a subsidiary of Türkiye İş Bankası, we benefit from an established international network and access to parental funding. This includes committed interbank lines and subordinated financing, which provide an additional layer of financial flexibility. At the same time, we maintain a self-sufficient liquidity profile and manage our funding needs independently on a day-to-day basis.

Juta-Chaukhi Trail – Kazbegi National Park

Sustainability Review

The ESG approach of our bank is approved by the BOD of Isbank Georgia. Credit Risk Management Division is responsible for implementation and execution of the procedures and is reviewed on at least an annual basis or in cases of need.

Isbank Georgia recognizes that its operations can have direct and indirect impacts on the environment and the community in which it operates.

Our Approach

Our objective is to responsibly manage the environmental and social risks associated with our operations in order to minimize impacts on the environment and our stakeholders, and to enhance long term returns to our shareholders. In order to communicate this philosophy to stakeholders and shareholders, the Board of Directors of Isbank Georgia has adopted Environmental and Social Risk Management Policy which describes our commitment to sustainable finance as an integral component of responsible corporate governance. We are committed to conducting our own business in an environmentally and socially responsible manner. In maintaining international best practice in environmental and social risk management, we are committed to ensuring our customers are also fulfilling their environmental and social responsibilities. We recognize that identifying and quantifying environmental and social risks should be part of the normal process of risk assessment. With regard to our customers, we consider compliance with applicable environmental, health and safety and labour regulations and the use of sound environmental, health and safety, low-carbon economy (LCE) and labour practices as important factors in demonstrating effective corporate governance.

In order to ensure that appropriate, risk-based, sector specific, environmental and social risk assessment is applied to our commercial lending activities, Isbank Georgia has developed Environmental and Social Risk Management Procedures. These procedures are fully integrated into the credit risk management process in the bank and are routinely applied to all commercial (i.e., with legal entities) transactions.

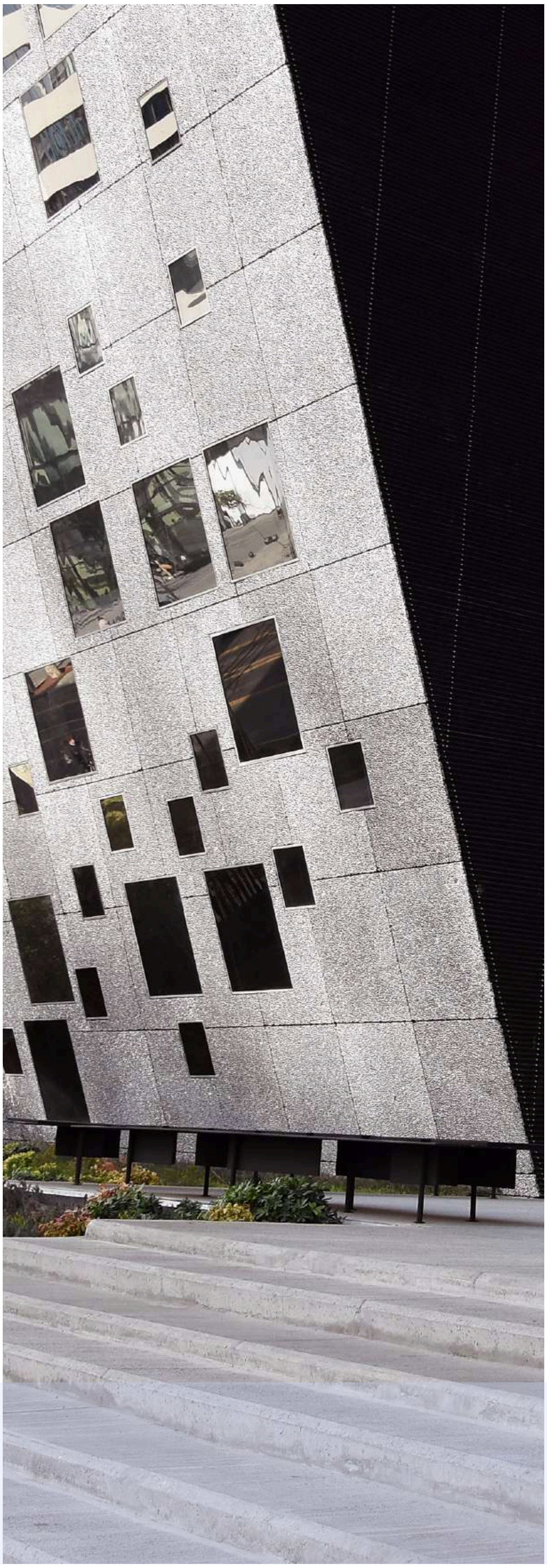
The Environmental and Social Risk Management Policy and the Environmental and Social Risk Management Procedures, along with the tools necessary to implement the procedures, comprise the core components of our Environmental and Social Risk Management Policy (ESRMP).

The objective of applying these procedures is to focus upon the environmental and social issues associated with commercial lending and investments in order to maximize the opportunities for environmentally and socially responsible and sustainable economic development, and to minimise our exposure to environmentally or socially derive financial, reputational and legal risks and liabilities associated with its financial transactions.

Our Environmental and Social procedures include transaction Qualification, and the Categorization, Identification and appropriate Assessment, Mitigation and Control, and Monitoring and Reporting of environmental and social risks.

The procedures incorporate appropriate consideration of ESG Reporting and Disclosure Principles (February, 2020) and IFC Performance Standards (PSs), and Performance Requirements (PRs).

Implementation of this ESRMP ensures our own operations comply with the Pillar 3 Regulations, the Corporate Governance Code for Commercial Banks of Georgia, the Roadmap for Sustainable Finance in Georgia, ESG standards (NBG, 2018) and IFC Regulations. For all commercial transactions, we endeavour to ensure that customers demonstrate an organized and systematic approach to environmental and social risk management to ensure compliance with local and national environmental, health and safety, and labour regulations and standards.



Black Grouse Waterfall – Lagodekhi

Our Stakeholders

Employees

We build a supportive, inclusive workplace where our people are empowered to grow

Customers

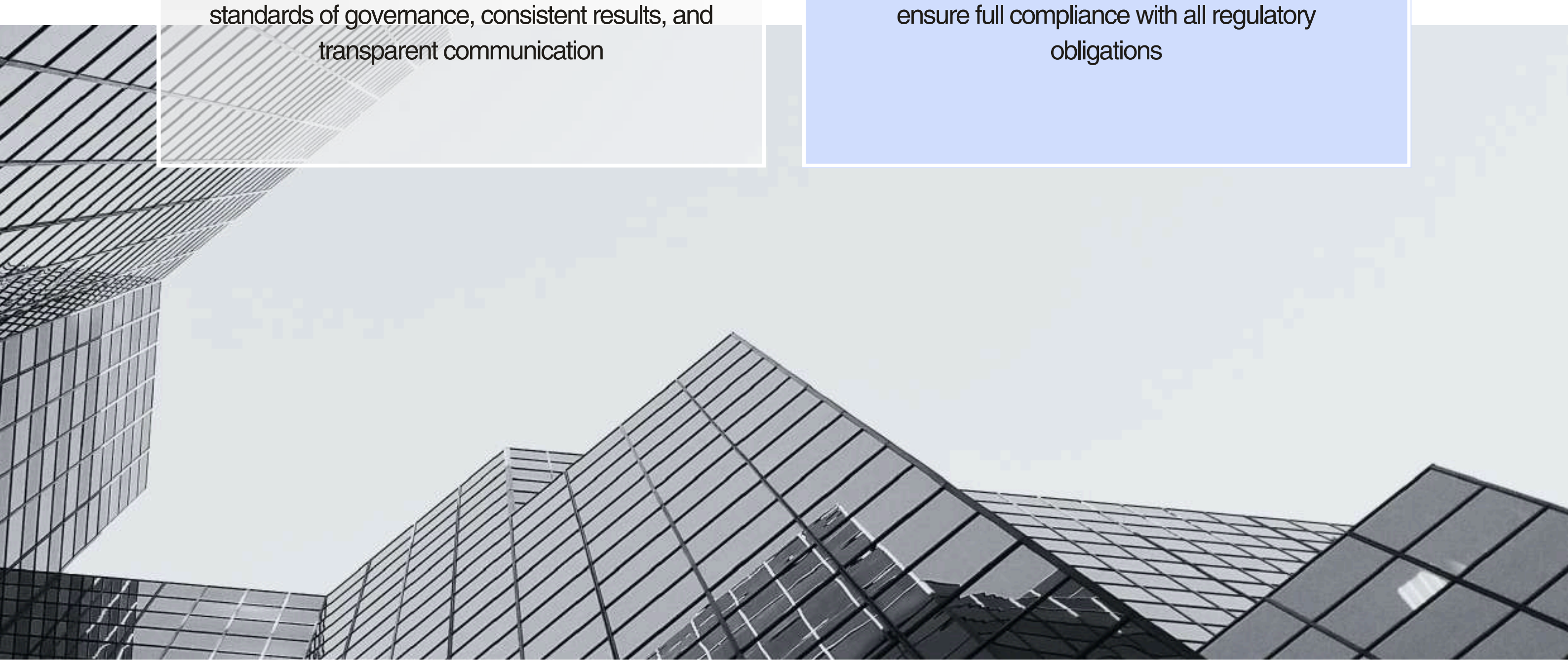
We drive results with client-focused, innovative, and customized services

Investors

We ensure stakeholder trust by maintaining high standards of governance, consistent results, and transparent communication

Regulators

We maintain robust governance frameworks and ensure full compliance with all regulatory obligations



To ensure our strategic direction remains robust and relevant, we maintain a proactive, ongoing dialogue with our key stakeholders, meticulously incorporating their diverse perspectives, insights, and constructive feedback into our decision-making processes.

Empowering Our Talents

“Empowering people through integrity, excellence, and collaboration to create lasting value together”

Overview

Employees are the foundation of our long-term success and a key driver of sustainable growth. Their expertise, professionalism, innovation, and commitment enable us to deliver high-quality financial services, build trusted customer relationships, and adapt to a rapidly evolving banking environment. We believe that a strong organisational culture, continuous development opportunities, and an inclusive and supportive workplace are essential to attracting, retaining, and empowering talented professionals.

We are committed to creating an environment where employees can grow both professionally and personally, contribute ideas, and make a meaningful impact on the organisation’s development. Through continuous learning and development initiatives, performance management processes, leadership programmes, and wellbeing activities, we aim to foster a culture built on collaboration, accountability, innovation, and high performance.

Employee engagement remains a strategic priority for us. Open communication, regular feedback mechanisms, and transparent interaction with management help strengthen trust and encourage active participation across all levels of the organisation. We continuously work to enhance employee experience by supporting career advancement, recognising achievements, promoting diversity and equal opportunities, and maintaining a workplace culture based on mutual respect and integrity.

By investing in our people, we strengthen our operational capabilities, improve customer experience, and support the achievement of our long-term strategic objectives. We believe that empowered and motivated employees are essential to delivering sustainable value to customers, shareholders, and the broader community.

Talent Acquisition and Retention

We attract and retain professional bankers through targeted sourcing and at the same time commit to growing talents internally. Considering competitive talent landscape and specific skill shortages on Georgian market, our focus is on building diverse talent practices and culture supporting long-term engagement and career growth of the employees.

To create positive employees experience to the workforce throughout Isbank journey, we strive to offer best retention strategies to them from hiring process and onwards.

We enhance employee experience through onboarding support and focused interviews during probation period; we ensure feedback is provided with highlights on improvement areas and strengths for further growth, we make sure benefit package covers significant necessities of employees: health insurance, paid leaves and day-offs for all employees', maternity and paternity leaves. Additional paid leave categories for marriage, childbirth, house move, emergency leave. We initiated the concept of hybrid work model at the end of the year to further boost well-being of the employees. We carefully observe market data of compensation packages in the sector and take relevant decisions to our benefits' list.

"In extremely competitive Georgian market, we continue bringing practices built around career needs and life stages of our employees and this way we believe in outperforming standard, linear approaches"

Learning and Development

We invest in continues upskilling through partnering with world-leading learning platform "Udemy" and combine it with individual and/or team need-based trainings throughout the year. On-the job development is another focus area which effectively brings competencies to Isbank employees to effectively perform in their roles. We strive to ensure our workforce is equipped to meet evolving business and regulatory demands, so Individual Development Plan (IDP) is essential instrument in the process where in collaboration with their direct managers, employees create IDPs that align personal development goals with the needs of the bank.

Our Training Program includes:

- Welcome face-to-face trainings
- Online platform "Udemy" trainings assigned based on the specific needs of the employee
- Cybersecurity trainings Online/Offline
- Labor Safety Trainings
- Field Trainings

Performance Framework and Engagement

Our performance framework aligns individual goals with our strategic priorities and promotes reliability, solidarity, sincerity, transparency and leadership as values behind the projects and processes.

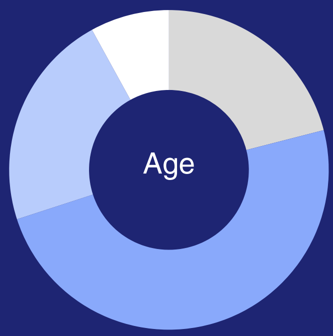
We strive to create an environment where both employees and the bank can grow. This approach supports personal development while driving organisational success toward our shared vision. KPIs are directly aligned with Isbank's core objectives, such as financial performance, customer satisfaction and operational efficiency. Managers play an integral role in the bank in translating high-level strategic goals into actionable, measurable plans for their team members.

Our Employees

Total number of employees **49**

45% Male

55% Female



Under 30
21%

31 - 40
49%

41 - 50
22%

Over 50
8%

Average Number of Employees

52

Promotion Rate

10%

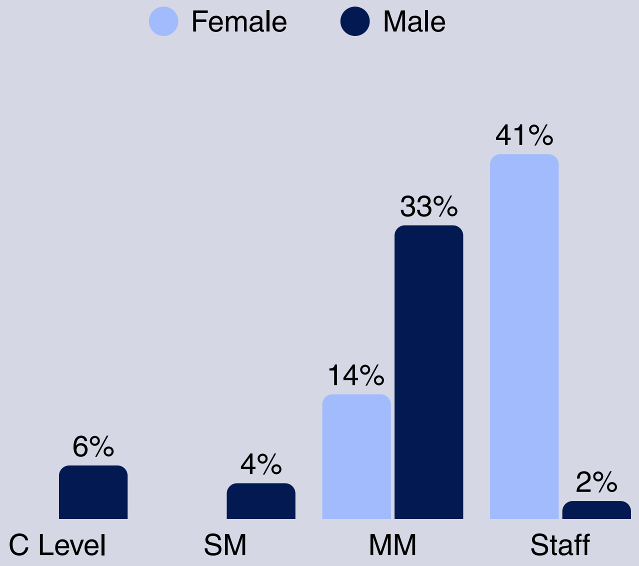
Average Years of Service

5 Years

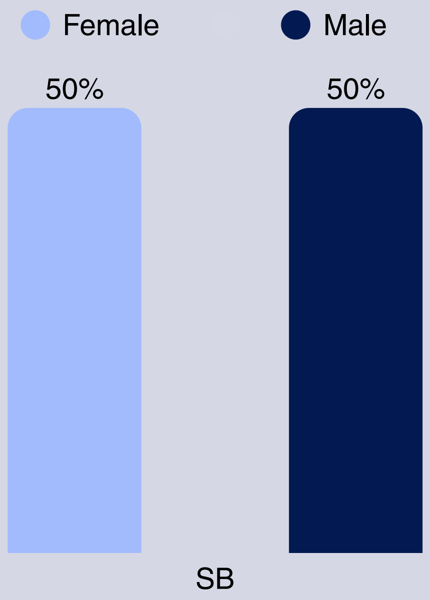
Turnover Rate

12%

Gender Distribution by Positions



Supervisory Board by Gender



Driven by Care

As part of the broader Environmental, Social, and Governance (ESG) strategy, we actively promote responsible business practices, sustainable growth, and positive social impact. By integrating ESG principles into our operations and decision-making processes, we seek to create lasting value for our stakeholders while contributing to the sustainable development of the communities we serve.

Our team has come together to support a cause that truly matters - Breast Cancer Awareness Month.

In our cozy Pink October campaign we shared stories, wore pink ribbons and most importantly - encouraged every woman employee to take time for herself and schedule breast screening on specially initiated leaeve by the bank Pink Day-Off.

Here’s to supporting one another - with courage and care

Vashlovani National Park – Dedoplistskaro

Empowering Our Customers

Supporting the growth and success of our customers remains at the core of our business model. As a corporate-focused financial institution, we are committed to providing businesses and entrepreneurs with the financial resources, expertise, and banking solutions required to achieve their strategic objectives and navigate an evolving economic environment.

Overview

During 2025, we continued to strengthen our role as a trusted banking partner for corporate and SME clients across a wide range of industries. Through tailored lending solutions, transactional banking services, foreign exchange operations, and domestic and international payment services, we supported our customers in financing growth, managing liquidity, and conducting business efficiently both locally and across borders.

As part of its strategic plan, the Sales Division has introduced a tailored approach centered on deepening and strengthening client relationships. This strategy emphasizes closer engagement and meaningful dialogue, fostering connections that go beyond the traditional bank–client dynamic. Experience has shown that strong relationships enhance alignment with the bank, enabling greater flexibility, increased transaction mediation, and access to a broader range of services.

Our corporate loan portfolio continued to serve as a key driver of customer support and economic activity. Our lending activities were focused on financing productive investments, working capital requirements, and business expansion initiatives, enabling clients to capitalize on new market opportunities while maintaining financial resilience. At the same time, we maintained a prudent approach to risk management, ensuring sustainable portfolio growth and long-term value creation.

Recognizing the growing importance of efficient transaction services, we further enhanced our capabilities in payments and settlements. Particular attention was placed on facilitating international transactions and supporting cross-border business activity, including strengthening payment services through key international corridors such as Türkiye. These services enabled our customers to conduct business with greater speed, reliability, and confidence.

Numbers Overview

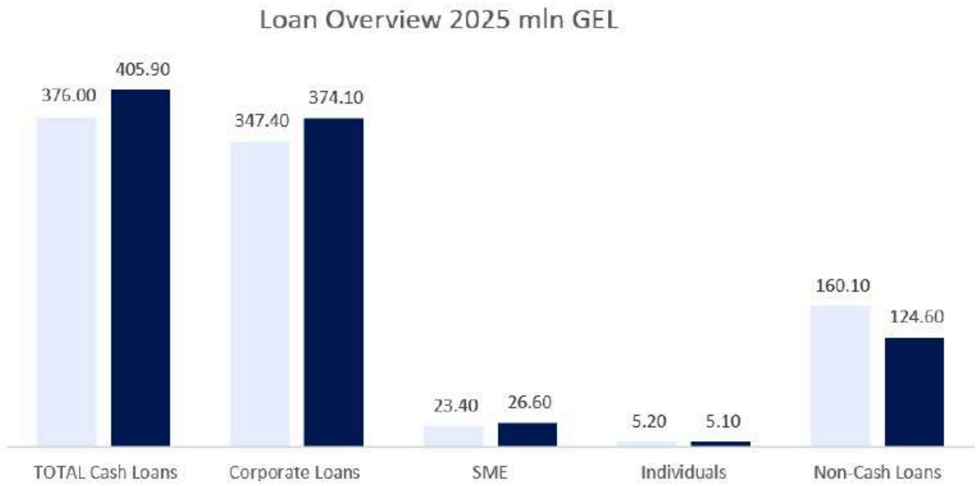
Corporate loans remain the dominant component of our portfolio and contributed the majority of total growth. SME lending demonstrated the highest relative growth rate, reflecting our continued commitment to strengthening our position in the small and medium-sized business segment.

320 MLN

Issued Loans

50%

Deposit Growth



*Data presented above includes Loans, Factoring Receivables and Bonds

*Turnover and Total Exposure for customer segmentation are as follows: Turnover - SME <7,000,000 GEL Corporate >=7,000,000; Exposure - SME <2,500,000 GEL Corporate >=2,500,000.

Cash Loans - As per our strategic decision and 2025 business plan, during the reporting period, the cash loan portfolio increased from GEL 376.0 million to GEL 405.9 million, representing an 8.0% year-on-year growth, the expansion was primarily driven by Corporate and SME lending.

Breaking down the segments:

- Corporate Loans rose by 7.7%, reaching GEL 374.1 million from GEL 347.4
- SME Loans saw highest relative growth rate of 13.7%, from GEL 23.4 million to GEL 26.6 million
- Retail Portfolio followed its planned amortization schedule, closing the year at GEL 5.1 million

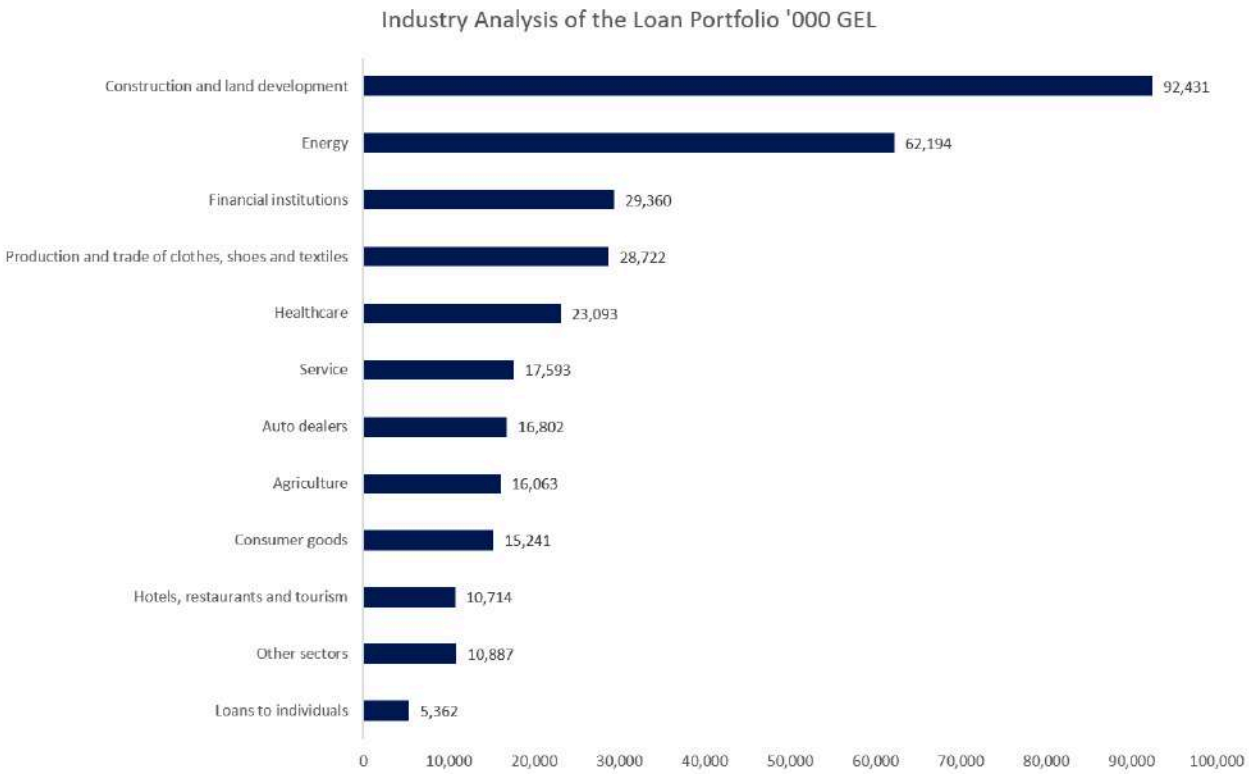
Corporate loans remain the dominant component of the portfolio and contributed the majority of total growth. SME lending demonstrated the highest relative growth rate, reflecting our continued commitment to strengthening our position in the small and medium-sized business segment.

During the year, we issued totally GEL 320 million in loans including prolonged transactions. This resulted in a GEL 107 million increase in total exposure, with GEL 67 million driven by expansions of existing client relationships and GEL 40 million generated from newly onboarded customers, while net portfolio growth after repayments reached GEL 30 million. In total, loans were extended to 58 corporate clients including 14 first-time, blue-chip and high-quality borrowers.

Non-cash loans decreased from GEL 160.1 million to GEL 124.6 million by year-end. This reduction reflects a deliberate strategic decision. Given limited capital resources trough the reporting year, we prioritized capital allocation toward funded (cash) lending activities, which generate stronger interest income and long-term portfolio growth. As a result, non-cash exposures were selectively reduced.

It is important to highlight that the average non-cash loan volume during the year was higher than the year-end nominal figure and compromised GEL 143.1 million. The lower closing balance reflects timing effects and active portfolio management rather than a structural decline in client activity.

Below table shows detailed Sector Landing Exposures as of 2025:



*Data presented above excludes corporate bonds

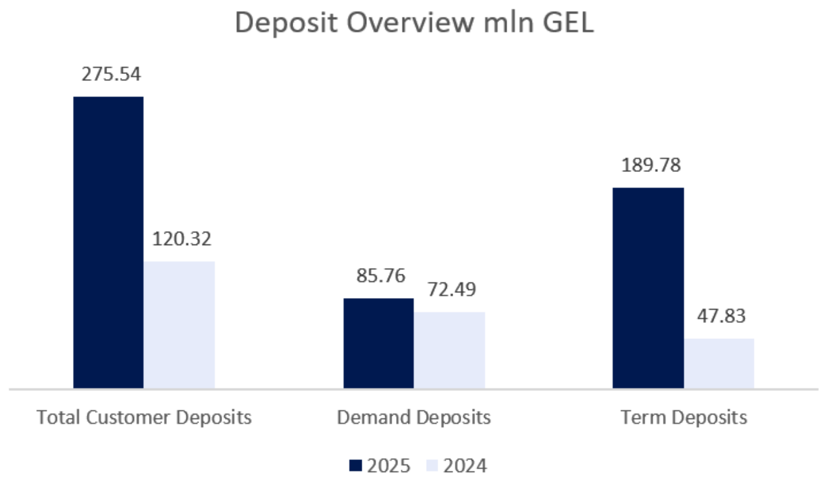
We are commited to building long-term partnerships based on trust, expertise, and a deep understanding of our customers' needs. By supporting their growth and ambitions, we create sustainable value for our customers, our Bank, and the wider economy.

Given reporting period, we experienced significant growth in deposits, indicating successful efforts to attract new funds and strengthen its funding base.

Total customer deposits increased from GEL 120.32 million to GEL 275.54 million, representing an increase of approximately 129%. This substantial growth reflects improved customer confidence and effective deposit mobilization strategies implemented by us. Demand deposits showed moderate growth during the period, increasing from GEL 72.49 million in 2024 to GEL 85.76 million in 2025, which corresponds to an increase of around 18%. This indicates a stable expansion of funds available for immediate withdrawal while maintaining sufficient liquidity. The most significant change occurred in term deposits, which rose from GEL 47.83 million to GEL 189.78 million, representing an increase of approximately 297%.

Overall, the deposit portfolio demonstrates solid growth, with a particularly strong expansion in longer-term deposits, contributing to improved funding stability and supporting our future lending activities.

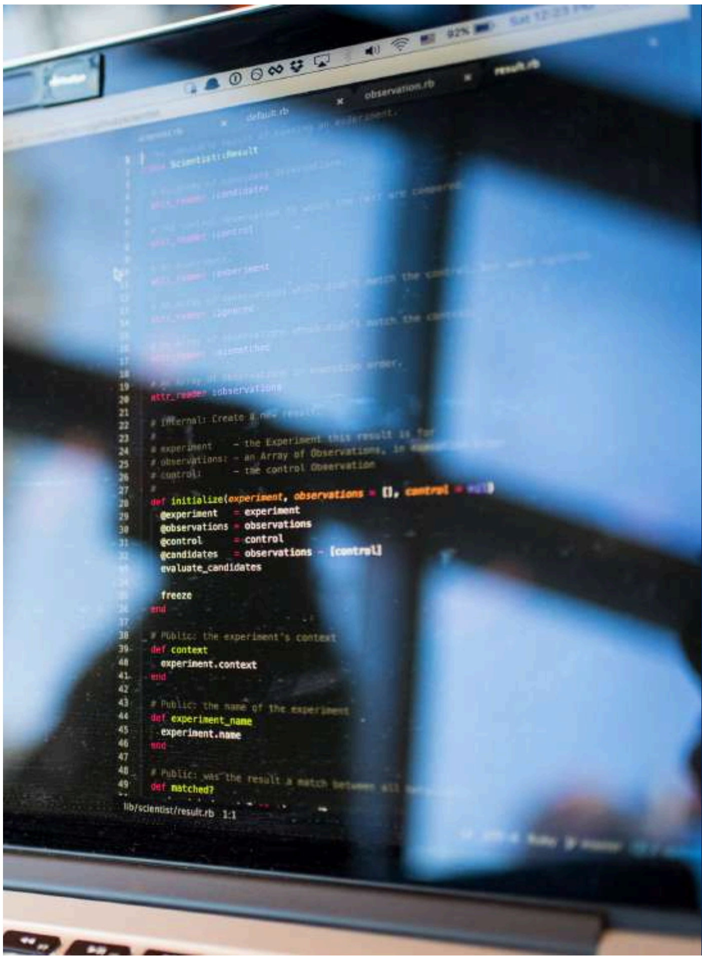
Below chart illustrates the development of our deposit portfolio between December 2024 and December 2025 (in million GEL).



Over the course of the year, we achieved historic milestones in total assets, as well as in our loan and deposit portfolios, while transaction mediation volumes also recorded a notable increase, demonstrating growing confidence in our financial strength, service quality, and strategic direction.

Beyond financial products, we believe that creating value for customers requires a deep understanding of their businesses and industries. Our relationship managers work closely with clients to identify opportunities, address challenges, and provide solutions tailored to their specific needs. This relationship-driven approach remains a cornerstone of our customer strategy and an important contributor to customer loyalty and satisfaction.

As we look ahead, we remain focused on empowering our customers through responsible financing, reliable banking services, and long-term partnerships. By supporting the ambitions of businesses and entrepreneurs, we contribute not only to their success but also to broader economic growth and development.



Cybersecurity, Information Security and Personal Data Protection

Cybersecurity, information security and personal data protection are integral parts of JSC ISBANK GEORGIA's governance, risk management and operational resilience framework. We recognize that the secure and reliable operation of banking systems, the protection of customer information and the continuity of critical services are fundamental to customer trust, prudent risk management and compliance with regulatory requirements. Oversight of these matters is embedded in our governance structure. Cybersecurity and information security risks, audit outcomes, remediation progress and priority initiatives are reported to the GRC Committee, which includes members of the Board of Directors and is chaired by the Chief Executive Officer. This governance model supports clear accountability, timely escalation and alignment between technology risk, business objectives and control expectations.

We apply a risk-based approach to protecting the confidentiality, integrity and availability of information assets, critical systems and customer data. Key controls include security event monitoring, incident response processes, vulnerability identification and remediation tracking, review of user and privileged access rights, secure configuration standards, endpoint protection and backup resilience. Security requirements are considered in new projects, material system changes and technology initiatives in order to support secure implementation from the outset. Business continuity and cyber-recovery arrangements form part of this framework and are designed to reduce disruption, protect essential services and support the orderly restoration of key operations in the event of a severe incident.

In 2025, no personal data breaches were reported, and our operations experienced no significant negative impact from cybersecurity events. We maintain an Information Security Incident Response Policy and perform a range of annual security assurance activities, including penetration testing, breach and attack simulations, DDoS attack simulations and self-assessments, to validate the effectiveness of our defenses and identify areas for further improvement.

Independent assurance forms an important part of our control environment. On an annual basis, we engage independent third parties to perform IT audit, Cyber Security Framework audit and penetration testing. These reviews provide an objective assessment of governance processes, control effectiveness and technical resilience, and their results are translated into action plans with defined ownership and follow-up. Progress against remediation activities is monitored and reported through our governance process.

We also place strong emphasis on third-party and vendor-related risks. Where external providers support technology or operational services, information security and personal data protection requirements are considered in the course of vendor review, contractual arrangements, access management and ongoing oversight, with particular attention to confidentiality, service continuity and appropriate control over outsourced activities.

Personal data protection is governed through internal policies and procedures and is carried out in accordance with applicable Georgian legislation, banking secrecy requirements and our internal control standards. Personal data is processed only for legitimate business purposes and is accessible solely to authorized persons on a need-to-know basis. Data protection requirements are considered in internal processes, projects and external relationships where customer or employee information may be processed.

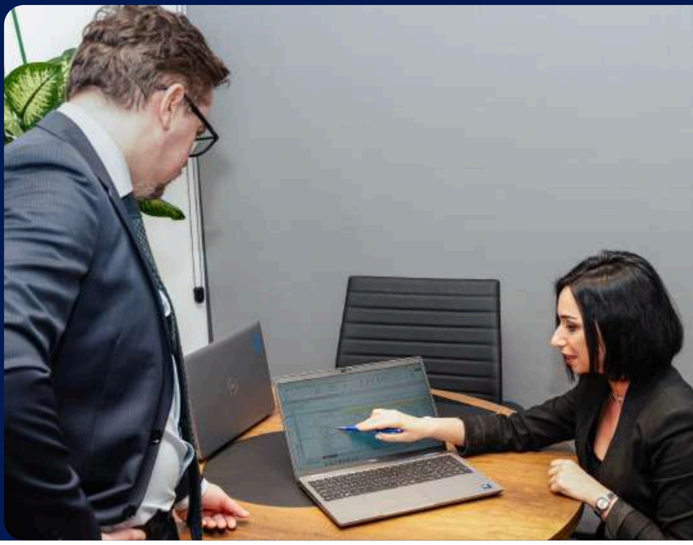
Employee awareness forms a central layer of defence. We continue to promote a strong security culture through training, internal communication and awareness activities focused on phishing risks, responsible handling of information, secure use of systems, credential hygiene and timely reporting of suspicious activity.

In the next reporting period, we will deepen our focus on monitoring and incident response, accelerate vulnerability remediation, strengthen privileged access management and third-party oversight, expand security and privacy awareness activities, further develop business continuity and cyber-recovery testing, and continue supporting secure digital transformation across critical banking services.

Our Continuous Improvement

Operational Highlights

Our operational function continued to demonstrate strong efficiency , risilience and reliability throughout the year. Through disciplined process management and commitment to service excellence, we maintained high standards of operational performance while effectively supporting business growth and customer needs.



Performance

Key operational outcomes delivered across payments, products, compliance and client service

100%

ISO 20022 (MX) Standard Adopted

Completed our migration to the ISO 20022 messaging standard, in full alignment with SWIFT ahead of the end of MT/MX coexistence on 22 November 2025 - ensuring continued compatibility with correspondents and a future-proof payments infrastructure.

2

Corporate SWIFT Products

Launched MT101 (pain.001) (Request for transfer) and MT940 (campt.053) (Customer Statement Message) for corporate clients holding their own SWIFT BIC.

102

Customer Requests Resolved

102 requests resolved in 2025 within deadlines, none missed; 15 independently reviewed in external audit with no gaps. Recurring themes are analyzed to identify root causes and drive continuous improvement.

0

Findings in the Personal Data Protection Audit

Coordinated jointly with the Legal Department and closed with zero findings.

ISO 20022

Migration to the ISO 20022 (MX) SWIFT standard. During 2025 we completed the our migration to the ISO 20022 (MX) messaging standard, achieving full compliance ahead of the end of the MT/MX coexistence period on 22 November 2025. We now send and receive ISO 20022 messages in full alignment with the SWIFT standard, ensuring continued message compatibility with correspondents and counterparties and a future-proof payments infrastructure.

MT101 (pain.001) & MT940 (camt.053)

SWIFT products for corporate clients — MT101 (pain.001) & MT940 (camt.053). We launched two new corporate services: MT101(pain.001) (Request for Transfer), enabling corporate clients to initiate payments through a centralised treasury platform, and MT940 (camt.053) (Customer Statement Message), delivering end-of-day account statements in SWIFT format. The services are offered to corporate clients holding their own SWIFT BIC. They expand our product offering and competitiveness in the corporate segment without adding to the operational workload.

Customer Requests & Complaints

We operate a fully controlled, centrally managed framework for customer requests and complaints. Every case is registered, classified (Request / Complaint), personally owned by experienced staff and resolved within regulatory deadlines, supported by a defined validation across the Operations, Legal and Reporting functions and monthly reporting to the National Bank of Georgia.

As a focused, corporate-oriented bank, this hands-on model gives complete oversight and direct accountability over each case, with full traceability from receipt to resolution. The strength of the framework is evidenced by its results: in 2025, 100% of the 102 requests received were registered, processed and resolved with no case missed, and 15 were independently reviewed during external audit with no gaps identified. Recurring themes are analysed to address root causes and prevent recurrence. The framework is kept under regular review and will be scaled with additional tooling in line with our growth and transaction volumes.

A disciplined, centrally controlled process — proportionate to our scale and validated by both the regulator and external audit — delivers full coverage and accountability today, while remaining ready to scale as volumes grow.

Operational Resilience and Financial-crime Controls

The Operations and Payments function is the backbone of our day-to-day activity, ensuring that every transaction is executed accurately, securely and on time. In 2025 we combined operational discipline with continuous modernisation — strengthening our SWIFT and payments infrastructure, reinforcing financial-crime controls, and expanding our service offering to corporate clients. Our priority remains constant: flawless execution, full regulatory compliance, and a resilient platform that scales with our growth. Financial-crime prevention remained a core strength of our operating model, underpinned by a robust AML framework with automated transaction and sanctions screening, reinforced by a centralised payment-control layer applying configurable rules and four-eyes approval to outgoing payments.

In 2025 we processed 3,341 SWIFT messages, a ~5% increase year-on-year, with outbound payments growing 32% (from 1,533 to 2,019) on the back of rising corporate payment activity. Flows are predominantly cross-border with Türkiye, and the majority are executed and credited within the same business day — underlining the speed, reliability and efficiency of our correspondent processing

Accurate, secure and on time — every transaction, every day. The Operations and Payments function keeps our money moving with discipline and control, while continuously modernising the infrastructure that underpins it.

We do not treat operations as routine. Every payment we process is a commitment to our clients and our regulators — and in 2025 we honoured that commitment through reliable execution, robust controls and a future-ready SWIFT platform fully aligned with international standards.

Keeping operations reliable and the Bank protected from financial crime.

Throughout the year, we maintained a strong focus on operational resilience and business continuity, ensuring the uninterrupted delivery of critical services and the effective management of potential disruptions. We continued to enhance our robust Anti-Money Laundering (AML) and financial crime prevention framework through comprehensive controls, monitoring systems, and employee awareness initiatives. Strong payment controls and transaction oversight processes supported the security, accuracy, and reliability of payment services across all business segments. Together, these measures strengthened our operational stability, safeguarded customer interests, and reinforced compliance with regulatory and industry standards.

Resilience & Continuity

Uninterrupted processing of payment and SWIFT operations throughout 2025, with no material sisruptions to service, supported by established business-continuity arrangements.

Robust AML Framework

A strong anti-money-laundering framework with automated transaction and sanctions screening remains a core strength of our operating model.

Payment Controls

A centralized pre-release control layer applies configurable rules and four-eyes approval to outgoing payments, reinforcing protection against fraud and processing error.

Looking Ahead

A Brief Overview for the Plans 2026

Looking ahead, we will continue to invest in the modernization of our operational infrastructure, including the adoption and enhancement of ISO 20022 standards to support greater data quality, interoperability, and payment efficiency. Further development of automated workflows will streamline operational processes, improve productivity, and enhance the customer experience. We also plan to expand the use of MT101 and MT940 messaging capabilities, enabling more efficient payment initiation and account reporting services for corporate clients. These initiatives will strengthen operational excellence and support our long-term growth and digital transformation objectives.

Optimise ISO 20022 capabilities

Build on full compliance to firther streamline MX processing and message handling

Expand MT101 (pain.001) & MT940 (camt.053) adoption

Roll out the new SWIFT products to additional eligible corporate clients

Automate core workflows

Continue automating operational processes to improve efficiency, control and client experience

Our Investors

Our investors are key stakeholders in our success and long-term development. Their confidence, support, and commitment enable us to pursue our strategic objectives, strengthen our market position, and continue creating value for all stakeholders. We recognize that maintaining this trust requires a disciplined approach to financial management, sound governance, and consistent execution of our strategy.

Throughout 2025, we remained focused on delivering sustainable financial performance while preserving a prudent risk profile and strong capital position. We achieved solid growth in profitability, strengthened its liquidity position, and continued to improve the quality of its funding base. These achievements reflect our commitment to balancing growth opportunities with responsible risk management and long-term financial stability.

Transparency and accountability remain fundamental principles of our relationship with investors. We are committed to providing timely, accurate, and meaningful information regarding our financial performance, strategic priorities, risk profile, and future outlook. Through open communication and high standards of corporate governance, we seek to ensure that investors have confidence in our direction and decision-making processes.

As we look ahead, our focus remains on generating sustainable returns, preserving financial resilience, and pursuing growth opportunities that align with our strategic objectives. By maintaining a strong balance sheet, disciplined capital management, and a customer-focused business model, we aim to create long-term value for our shareholders and investment partners.

Our Regulators

We recognize that a strong and resilient financial sector is built upon effective regulation, responsible banking practices, and constructive cooperation between financial institutions and supervisory authorities. We value our relationship with regulators and remain committed to operating with integrity, transparency, and full compliance with applicable laws, regulations, and supervisory expectations.

Throughout the year, we continued to strengthen our governance, risk management, compliance, and internal control frameworks to ensure that we operate in a safe, sound, and sustainable manner. Particular emphasis was placed on maintaining a robust anti-money laundering framework, enhancing payment controls, and further strengthening operational resilience and business continuity capabilities. These efforts support the protection of our customers, shareholders, and the broader financial system.

Compliance is embedded within our organizational culture and decision-making processes. We continuously monitor regulatory developments, assess emerging risks, and implement necessary enhancements to policies, procedures, and systems to ensure alignment with evolving requirements and industry best practices. Through regular engagement and open dialogue with supervisory authorities, we seek to maintain a transparent and collaborative relationship built on mutual trust and accountability.

We recognize that regulatory compliance is not only a legal obligation but also an essential component of sustainable business success. By maintaining high standards of governance, risk management, and ethical conduct, we contribute to the stability and integrity of the banking sector while supporting confidence in the financial system and the wider economy.

Risk Management

Our Approach to Risk Management

Management of risk is fundamental to the business of banking and forms an essential element of our operations. Our strong risk governance reflects the importance placed by Bank's Risks, Ethics and Compliance Committee on shaping the risk strategy and managing credit, financial and non-financial risks. All components necessary for comprehensive risk governance are embedded into risk organization structure: enterprise risk management; credit, financial and non-financial risks management; risk reporting and supporting IT infrastructure; cross-risk analytical tools and techniques such as capital adequacy management and stress-testing. The bank is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

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

Management has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

Management is responsible for monitoring and implementing risk mitigation measures and ensuring that we operate within established risk parameters. CRO is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to Risk Committee of Supervisory Council. Credit, market and liquidity risks, both at the portfolio and transactional levels, are managed and controlled through a system of Credit Committees and Risk Management Division and ALCO. Such control arrangements guarantee that we take informed risk-taking decisions that are adequately priced, avoiding taking risks that are beyond our established threshold. Both external and internal risk factors are identified and managed throughout the organization. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures.

Our strategic framework of mitigating uncertainty

Market Risk

Our clients are obliged to report accidents or incidents which have or are likely to have a material adverse effect on the environment, health or safety of persons (e.g., employees, neighbours, customers), including any remedial action planned or taken by the client in response to the accident/incident in compliance with legal regulations to us.

Notification about an extraordinary event is compulsory for all loans of the Bank irrespective of the environmental risk level, amount, type or term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from potential changes in the market interest rates that can adversely affect the fair value or future cash flows of the financial instruments. This risk can arise from maturity mismatches of assets and liabilities, as well as from the re-pricing characteristics of such assets and liabilities. Interest margins may increase as a result of such changes, but may also reduce or create losses in the event that unexpected movements occur.

Exchange Rate Risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. We constantly monitor that the NBG limits of currency positions against regulatory capital are maintained. Assets and liabilities denominated in several foreign currencies.

Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. We have policies and procedures in place to manage credit exposures (both for recognized financial assets and unrecognized contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor credit risk. The credit policy is reviewed and approved by management.

The credit policy establishes:

- Procedures for reviewing and approving loan credit applications
- Methodology for the credit assessment of borrowers (legal entities and individuals)
- Methodology for the evaluation of collateral
- Credit documentation requirements
- Procedures for constant monitoring of loans and other credit exposures.

For all loans to legal entities we perform due diligence that focuses on the customer's business and financial performance.

Exposure to credit risk is also managed, in part, by obtaining collateral and personal guarantees. Valuation of collateral is performed by independent experts for loans mentioned above. The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and unrecognized contractual commitment amounts. The impact of the possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Liquidity Risk

Liquidity risk is defined as the risk that the Bank does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that we might be unable to meet our payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. We maintain liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The liquidity policy is reviewed and approved by management. We seek to actively support a diversified and stable funding base in order to be able to respond quickly and efficiently to unforeseen liquidity requirements.

The liquidity management policy requires:

- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Monitoring liquidity ratios against regulatory requirements.

The liquidity position is monitored by the Finance Management Division and the Risk Management Division. Under the normal market conditions, information on the liquidity position is presented to the management on a weekly basis. Decisions on liquidity management are made by ALCO and implemented by the Treasury Division. In addition, we monitor on a regular basis the liquidity ratio calculated in accordance with the NBG requirements.

We annually implement funding strategy that is periodically reviewed according to market states. Liquidity is managed and monitored by treasury and is additionally controlled by the risk management division. Limits are approved by ALCO and supervisory board.

To manage liquidity risk we monitor Liquidity Coverage Ratio (LCR) on daily basis. In addition, significant part our assets is held in highly liquid assets that reduces liquidity risk. To decrease liquidity risk we hold reserves, amount of which is determined by the amount of raised funding, currency and types.

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud and external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. We cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment procedures, such as the use of internal:

- risk management process;
- risk appetite;
- internal controls;
- stress testing and its types used to prevent; risks.

AML Compliance

AML/CFT and sanctions compliance

Our anti-money laundering/counter-terrorism framework follows a risk-based approach, supported by a three-line of defense governance model and advanced monitoring systems. A zero-tolerance policy towards sanctioned individuals and activities. We prohibit all forms of evasion and circumvention of international sanctions. We manage customer risks throughout the entire relationship lifecycle, using automated risk assessments and regular due diligence. Information on ownership, ultimate beneficial ownership and source of funds is collected upon registration, while high-risk clients and politically exposed persons undergo enhanced due diligence. The AML compliance department operates in full compliance with international sanctions frameworks.

Internal Audit

The purpose of the Internal Audit Department is to strengthen JSC İSBANK Georgia in terms of creating, protecting, and maintaining its values by providing independent, risk-based and objective assurance, advice, and insights to the Supervisory Board and Management. Internal Audit's mission is to enhance and protect organizational value by delivering independent, objective approaches designed to improve our functions, activities, and operations. It helps us to achieve our objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The internal audit function is a critical component of a bank's third line of defense and ongoing monitoring of its internal control system. It provides an independent, objective assessment of the adequacy, effectiveness, and compliance of the institution's internal control framework. By evaluating risk management and governance processes, the function assists senior management and the Board of Directors in the efficient and effective discharge of their responsibilities.

The Internal Audit Department of JSC İSBANK Georgia, as an independent function, reports functionally to the SC Audit Committee and administratively (i.e. day-to-day operations) to the Chief Executive Officer. The department's work is performed in compliance with applicable local laws, regulations, group audit practices, and the Global Internal Audit Standards for the Professional Practice of Internal Auditing. To ensure independence, the department does not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair its ability to make an independent assessment.

Audit activities are carried out by the Internal Audit Department according to the Audit Plan, which is prepared on an annual basis using a risk-based approach consistent with JSC İSBANK Georgia's goals and objectives. Each audit plan is approved by the SC Audit Committee. If deemed necessary, the plan is updated regularly to reflect changes to the internal control system, including new business lines, and address the key risks of the bank.

OVERVIEW

Joint Stock Company Isbank Georgia is one of subsidiaries of Türkiye İş Bankası Anonim Şirketi, a company incorporated in Türkiye. Our Corporate Governance is in compliance with the requirements of the National Bank of Georgia's Code on Corporate Governance for Commercial Banks, dated 26 September 2018, as amended from time to time (the "Code").

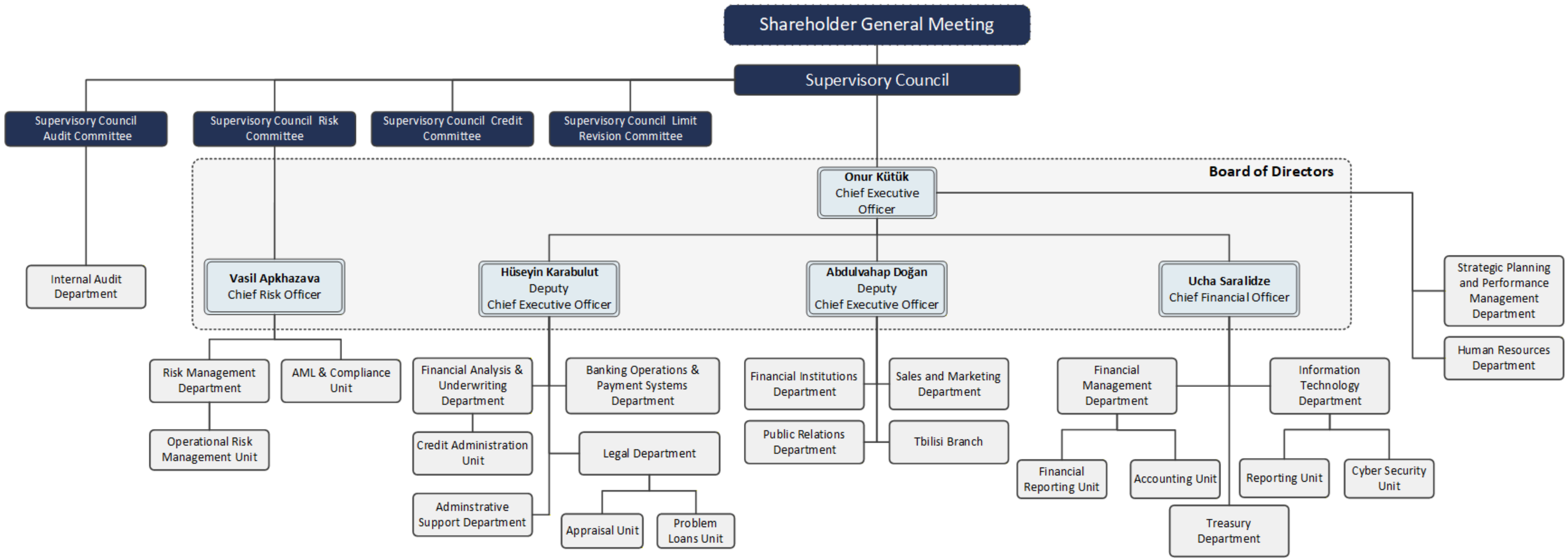
MANAGING BODIES

General Meeting of the Shareholders (the "General Meeting")

Supervisory Council

Board of Directors

Organizational Structure



Supervisory Board Members

Olgun Tufan Kurbanoğlu, Chairman of the Supervisory Council
August 2022 - current

Mr. Tufan Kurbanoğlu, a graduate of Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Public Administration, started his career as an Inspector in the Inspection Board of Türkiye İş Bankası in 1993. Mr. Kurbanoğlu was promoted to Assistant Manager in the Commercial and Corporate Loans Monitoring and Department in 2002, to Unit Manager in the same Department in 2006, and to Regional Manager in the Retail Loans Monitoring Department in 2011. Mr. Kurbanoğlu, who was appointed as the Manager of the Commercial and Corporate Loans Monitoring Department in 2014, was appointed as Deputy CEO of Türkiye İş Bankası on March 25, 2022. Since August 2022, Mr. Kurbanoğlu is the Chairman of the Supervisory Council of JSC Isbank Georgia.

Buğra Avcı, Deputy Chairman of the Supervisory Council
March 2025 - current

Mr. Avcı graduated from Bilkent University of Ankara with a Bachelor's Degree in Business Administration in 1998. Mr. Avcı has been with Türkiye İş Bankası since 1998. He started his career as an assistant specialist in Sultanhamam Branch of the Bank. During 1999-2016, he acquired solid experience in Retail Marketing Department and Commercial Banking Department, becoming Director of the latter one in 2016. Mr. Avcı managed Gebze Corporate Branch of the Bank from 2019 to 2023. In 2023, Mr. Avcı was appointed as Branch Director of Kozyatağı Branch till today. Mr. Avcı has been a Supervisory Council Member of JSC Isbank Georgia since March, 2025.

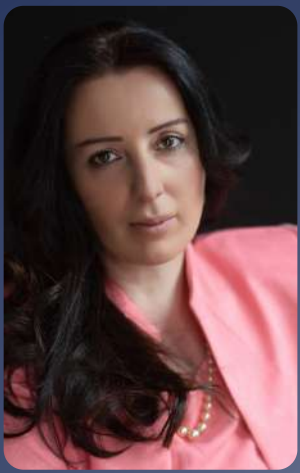
Özge Seval Dedeoğlu, Member of the Supervisory Council
August 2025 - current

Ms. Dedeoğlu graduated from Bogazici University with a bachelor's degree in Economics, in 2003. She started her career in Türkiye İş Bankası as Credit Specialist in Corporate Underwriting Department in 2003, where she was promoted to Assistant Manager in 2011. In 2017, Ms. Dedeoğlu was promoted to Unit Manager role in the same department. In 2024, she was promoted as the Director of Project Finance Department and works in the same position since then. Ms. Dedeoğlu has been a Supervisory Council Member of JSC Isbank Georgia since August, 2025.

Hüseyin Serdar Yücel, Member of the Supervisory Council
June 2018 – current

Mr. Hüseyin Serdar Yücel graduated from Marmara University with a Bachelor's Degree in Economics in 1996. Mr. Yücel has been with Türkiye İş Bankası since 1996. He started his career as an Officer at Correspondent Banking Unit in International Financial Institutions Division. In 1999 Mr. Yücel became a Specialist of Overseas Banking Unit in the same division. In 2008 he was promoted to the position of Assistant Manager. In 2013, Mr. Yücel was appointed as the Unit Manager of Overseas Banking Unit in Subsidiaries Division and has been working in the same position since then. Mr. Yücel has been a Supervisory Council Member of JSC Isbank Georgia since June, 2018.

Natia Janelidze, Independent Member of the Supervisory Council
October 2019 – Mar 2026



Ms. Natia Janelidze holds a PhD in Finance from Georgian Technical University, an MBA from University of Missouri-Colombia, USA and a Bachelor's degree in Business Administration from Georgian Technical University. She started her career in 2000 at TBC bank as a loan officer. In 2005, she continued with TBC bank as a Head of SME Development Department; in 2007 she became Head of Corporate Sales Department. In 2007 Ms. Janelidze moved to Bank Republic Societe Generale Group where she worked for around 8 years on various managerial positions. In 2015 she moved to the position of Finance Manager in the USAID funded project against domestic violence (ATIPFUND) at the Ministry of Labour, Health and Social Affairs. In 2007-2010 Ms. Janelidze also delivered lectures in Banking and Loan Structuring at Caucasus University. Since 2015 Ms. Janelidze holds the position of Chief Investment Officer/Regional Director at Gazelle Finance (Regional Private Equity Fund). Ms. Natia Janelidze is also the Head of Finance Committee at business association "Woman for Tomorrow". Ms. Janelidze had been the Supervisory Council Member of JSC Isbank Georgia since October, 2019 until 31 March 2026.

Tamar Sanikidze, Independent Member of the Supervisory Council
August 2022 - current

Ms. Tamar graduated from Tbilisi State University with Bachelor's Degree in English language and Literature. She also holds Master's Degree from Georgian Institute of Public Affairs in Public Administration. Currently, Ms. Tamar is working on PHD in Business Administration. Since 2019 she has been Scientific Board Member and Advisor to Rector on QA and NQF reform issues at Tbilisi Theological Academy and Seminary. Ms. Tamar has been Higher Education Reform Expert in Erasmus + National Office Tbilisi, Georgia since 2018. Ms. Tamar has been Assessor for recognition of accreditation program at World Federation of Medical Education (WFME) since 2021. Since 2020, she has been Executive Director at World Bank funded - Innovation, Inclusion and Quality. Ms. Tamar has been an independent Supervisory Council Member of JSC Isbank Georgia since August, 2022.

Managing bodies of the bank

General Meeting

The General Meeting of Shareholders (the "General Meeting") is the supreme governing body of the Bank, providing a forum for shareholders to exercise their rights and oversee strategic decisions. Shareholders are entitled to attend meetings, vote on key matters, receive dividends, and hold the Supervisory Board and Management Board accountable by demanding explanations regarding agenda items. It can be regular or extraordinary. The Regular meeting is held within 2 months from closing of the annual balance sheet. Decision on convening the extraordinary meeting shall be made by the Supervisory Council of the Bank. The General Meeting holds authority to decide on crucial matters by a simple majority vote (unless higher thresholds are required by Georgian law).

Supervisory Board

The Supervisory Board is responsible for providing independent oversight of the Bank's activities and ensuring that the institution is managed in a safe, prudent, and sustainable manner. Acting in the best interests of the Bank and its stakeholders, the Supervisory Board oversees the implementation our strategic objectives, monitors performance against approved plans, and promotes a culture of accountability, integrity, and effective risk management.

The Supervisory Board oversees the activity of the Bank. It consists of 6 members. The meetings of the supervisory council are convened at least on a quarterly basis. The Supervisory Board approves our long-term strategy and business plan, reviews financial and operational performance, and oversees capital and liquidity adequacy to ensure we maintain a strong and resilient financial position. The Board regularly evaluates emerging risks and market developments, assesses the effectiveness of our risk management framework, and monitors compliance with regulatory and prudential requirements.

A key responsibility of the Supervisory Board is overseeing the Bank's governance framework, including the effectiveness of internal controls, compliance systems, internal audit activities, and financial reporting processes. The Board also monitors our approach to operations, cybersecurity, anti-money laundering and financial crime prevention, data protection, and business continuity management. In addition, the Supervisory Board makes decisions in the cases provided by law, the sub-legislative acts of the National Bank of Georgia and our internal regulations.

To support effective oversight, the Supervisory Board operates through specialized committees, including the Audit Committee, Risk Committee, and Limit Revision and Credit Committee. These committees conduct detailed reviews of matters within their respective mandates and provide recommendations to the Board, enhancing the quality and efficiency of decision-making.

The Supervisory Board also oversees succession planning for senior management, evaluates executive performance, and ensures that remuneration practices support prudent risk-taking and long-term value creation. Through regular self-assessments and continuous development, the Board seeks to maintain an appropriate balance of skills, experience, independence, and diversity necessary to oversee the Bank in an evolving operating environment.

Committees

The Supervisory Board maintains a robust governance framework defined by clear segregation of duties, accountability, and active risk oversight. We ensure the consistent implementation of risk strategy, appetite, and objectives across the Bank.

- Risk Committee
- Credit Committee
- Limit Revision Committee
- Audit Committee

Information about the Chairpersons of Committees:

- **Mr. Olgun Tufan Kurbanoğlu** is the Chairperson of the Credit Committee
- **Mrs. Özge Seval Dedeoğlu** is the Chairperson of the Limit Revision Committees
- **Mrs. Natia Janelidze** is the Chairperson of the Risk Committee
- **Mrs. Tamar Sanikidze** is the Chairperson of the Audit Committee

Risk Committee

Risk Committee is responsible for providing recommendations and views to the supervisory council regarding existing and future risk appetite. The committee monitors how adequately the Bank is managed in compliance with the Bank’s risk policies. The duties of the Risk Committee of the Supervisory Council are as follows:

- Discussing risk strategies on aggregate and individual risk basis and submitting respective recommendations to the Supervisory Council, including for the Bank’s current and future Risk Appetite;
- Informing the Supervisory Council on the Bank’s Strategy and supporting the Supervisory Council in the implementation of this strategy by the Management;
- Preparation and submitting of reports to the Supervisory Council about risk culture in the Bank and discussing the Bank’s risk policies, at least on an annual basis and etc.

Credit Committee

Credit Committee is responsible for establishing, developing, and offering Credit Policy for approval to the relevant body of the Bank. The Committee defines:

- The limits for borrowers - legal and physical persons;
- The limits for credit institutions, insurance companies and other financial institutions;
- Determines, confirms or revokes limits for Bank’s transactions on financial markets;
- Determines credit risk limits for investments in securities and other derivatives.

The Credit Committee monitors the Bank's compliance with the approved limits. Reviews the loans applications, makes decision on restructuring loans, write-off loans and all other possible facts related to the Bank's credit risk.

Limit Revision Committee

Limit Revision Committee overviews the following:

- The total loan portfolio of the Bank including information about cash and non-cash loans as well as corporate bonds, segmentation, and NPL.

- Customers of the Bank, whose loans have been approved under SC Credit Committee’s (loans from USD 1,500,000 up to 3,000,000) or Supervisory Council’s (loans exceeding USD 3,000,000) authorization, are discussed individually.

Audit Committee

The Audit Committee in an independent body which controls the Bank's activities in every direction, at each level of the organization. The Committee is responsible for the minimization of all the possible risks for the improvement of the Bank’s processes. The Audit Committee is under the direct supervision of the Supervisory Council and supports the Supervisory Council especially in the monitoring of the following matters:

- Preparation of balance sheet, financial statements and financial data;
- Efficiency of risk management system, especially internal control system, internal audit system and corporate compliance;
- Instructing the year-end audits paying special attention to the independence and performances of external auditors and disclose information in the Annual Report of Pillar 3;
- Ensuring that appropriate measures are taken and findings in the audits are corrected rapidly;
- Control and approval of the conformity of "Internal Control/Audit/Compliance Plans" submitted by the Management.

Besides the abovementioned committees the Bank has several internal committes which assist in effective control of the Bank’s processes: Governance, Risk, Compliance (GRC); Assets and Liabilities (ALCO); Credit; Human Resources; AML & Compliance; IT Steering; Procurement; Management Committee; Marketing & Public Relations; NPL; Pricing; Regulatory Compliance Committees.

Supervisory Board Composition

The Bank recognizes that a diverse Supervisory Board and Management Board is critical to sustainable business success. By assembling members with a wide range of backgrounds, experiences, and perspectives, we foster richer discussions, enhance strategic decision-making, and promote sound corporate governance. We remain committed to ensuring that all future appointments to our governing bodies prioritize diversity of thought and expertise. The Bank maintains a robust internal control framework to ensure the integrity and accuracy of its financial reporting. Supported by a clearly defined structure of accountability and delegation of authority, our established policies and procedures govern financial planning, monthly management reporting, project governance, and information security. Furthermore, a rigorous review process by relevant subject leads ensures that all annual report disclosures provide a true and fair view of the Bank’s performance and developments.

The Supervisory Council Committees: Members

■ Chairperson □ Member	Audit Committee	Credit Committee	Risk Committee	Limit Revision Committee
Tufan Kurbanoğlu		■		
Serdar Yücel	□		□	□
Özge Seval Dedeoğlu		□		□
Buğra Avcı		□		■
Natia Janelidze	□		■	
Tamar Sanikidze	■		□	

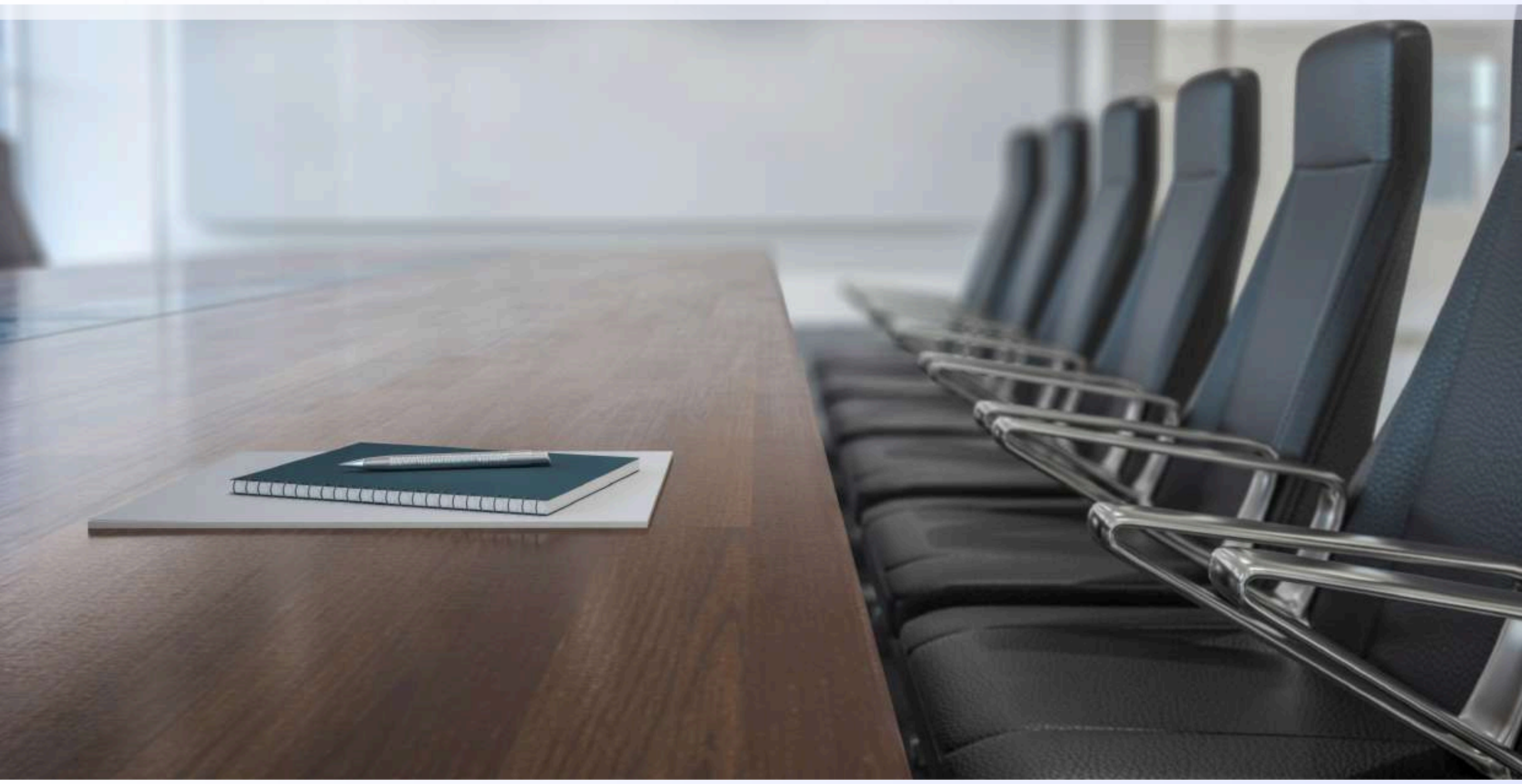
Attendance to the Supervisory Council and SC Committees Meetings:

Supervisory Council Members	Supervisory Council	Audit Committee	Credit Committee	Risk Committee	Limit Revision Committee	Supervisory Council Loan
Tufan Kurbanoğlu	25/25	-	2/2	-	-	34/34
Buğra Avcı	25/25	-	2/2	-	1/1	25/34
Ahmet Hakan Ünal	6/25	-	-	-	-	11/34
Özge Seval Dedeoğlu	13/25	-	1/2	-	1/1	18/34
Serdar Yücel	25/25	4/4	-	4/4	1/1	34/34
Natia Janelidze	19/25	4/4	-	4/4	-	34/34
Tamar Sanikidze	20/25	4/4	-	4/4	-	34/34

The Independent Members of the Supervisory Council

Natia Janelidze holds the position of a Regional Director/Chief Investment Officer at Gazelle Finance-organization which is not related to JSC Isbank Georgia or the Shareholder either directly or indirectly. In addition, she does not have and has not had any professional or personal relationship with the bank/the shareholder/administrators either directly or indirectly.

Tamar Sanikidze holds the position of Executive Director at World Bank funded - Innovation, Inclusion and Quality which is not related to JSC Isbank Georgia or the Shareholder either directly or indirectly. In addition, she does not have and has not had any professional or personal relationship with the bank/the shareholder/administrators either directly or indirectly.



Board of Directors

Onur Kütük

Chief Executive Officer
April 29, 2025 - Current

Born in 1976 in Eskişehir, Mr. Onur Kütük graduated from Eskişehir Anatolian High School in 1994 and received his bachelor's degree from the Department of Statistics, Faculty of Arts and Sciences, Middle East Technical University in 1998.

Between 1998 and 1999, he worked as a research assistant at Ankara University. Mr. Kütük started his career at Türkiye İş Bankası in 2000 as an Assistant Training Specialist in Talent Management Department. In 2006, he became a Credit Specialist at the Bahrain Branch, and from 2011 to 2014, he served as the Head of the Treasury Department at the same branch.

Between 2014 and 2016, he worked as Deputy Manager in the Corporate and Commercial Banking Sales Department. In 2016, he was appointed Assistant Manager of the Cross-Border Banking Unit at Türkiye İş Bankası and was promoted to Head of the same unit from 2018 to 2023.

During his time overseeing İşbank's international operations, Kütük also actively represented the institution within the Foreign Economic Relations Board of Türkiye (DEİK), serving at various times as an Executive Board Member of the Business Councils of Georgia, Iraq, Bahrain, and Kosovo. He served as a Supervisory Board Member at JSC İşbank Russia between 2018 and 2020 and at JSC Isbank Georgia between 2018 and 2022.

From 2023 to 2025, Onur Kütük was the Country Manager of İşbank Kosovo and also served as a Board Member of the Kosovo Banking Association during this period. Additionally, he was a board member of the Kosovo-Türkiye Chamber of Commerce in the same term.

As of July 23, 2025, Onur Kütük has been approved as a General Manager of JSC Isbank Georgia.

Hüseyin Karabulut

Deputy Chief Executive Officer
August 2023 - Current

Born in Istanbul in 1978, Hüseyin Karabulut received his bachelor's degree in Business Administration and master's degree in Finance from Istanbul University.

Beginning his career in 2001 at Türkiye İş Bankası A.Ş., Hüseyin Karabulut served as an Inspector within the Board of Inspectors until 2010, after which he advanced to Deputy Manager of the Commercial Loans Underwriting Division.

In August 2023, Hüseyin Karabulut was appointed as Deputy Chief Executive Officer and member of Management Board at JSC Isbank Georgia.

Mr. Hüseyin Karabulut holds the Credit Rating Specialist License, Capital Market Activities Level 3 License, Derivative Financial Instruments License, and Corporate Governance Rating License, all approved by the Capital Markets Board of Türkiye. Moreover, Mr. Karabuluts extends his proficiency internationally with Certificate for Documentary Credit Specialists (CDCS) from The London Institute of Banking & Finance.

Mr. Hüseyin Karabulut is a fluent English speaker.

A. Vahap Doğan

Deputy Chief Executive Officer
May 2024 - Current

Born in Malatya, Türkiye, in 1974. Mr. Abdulvahap Doğan completed his bachelor's education at İnönü University, Faculty of Economics and Administrative Sciences.

Mr. Doğan started his career at Türkiye İş Bankası as an officer in the Gebze Branch in 2000 and was appointed as a Foreign Exchange Service Officer in the same branch in 2004. After being appointed to the Gebze Corporate Branch with the same duty in 2006, he was appointed as the Second Manager to the Kozyatağı Corporate Branch in 2009. In 2014, Mr. Vahap Doğan was promoted to the position of Deputy Manager in the same branch.

Mr. Abdulvahap Doğan has been designated JSC Isbank Georgia's Deputy Chief Executive Officer in May 2024. He is also a member of Isbank Georgia's Board of Directors. Mr. Doğan has 25 years of work experience at Türkiye İş Bankası.

Ucha Saralidze

Chief Financial Officer
2017 - Current

Mr. Ucha Saralidze has served as a Member of the Board of Directors of JSC Isbank Georgia since 2020, concurrently holding the role of Chief Financial Officer (CFO) since 2017. He joined the bank in 2015 as Chief Accountant and Head of the Financial Division, bringing extensive expertise in banking, corporate reporting and financial strategy. Mr. Saralidze began his career at TBC Bank in 2008, where he progressed from Corporate Reporting Manager to Senior Corporate Reporting Manager, later serving for four years as a Senior Financial Analyst within the Financial Management Department. Beyond his banking career, he possesses valuable leadership experience in Georgia's construction and production sectors, specializing in market analysis, financial strategy development and operational optimization.

Born in Tbilisi on June 26, 1988, Mr. Saralidze graduated from Tbilisi State University in 2009 with a Bachelor's Degree in Economics.

Vasil Apkhazava

Chief Risk Officer
April 2022 - Current

Mr. Vasil Apkhazava was born in Tbilisi, Georgia, on January 21, 1976.

Mr. Apkhazava graduated from Tbilisi Institute of Banking and Finance in 1997 with a Bachelor's degree. He completed the entire MBA program at the European School of Management in Tbilisi in 2007.

Mr. Vasil Apkhazava has 26 years of experience working in banking industry. In 1996, he began working on his career as a loan officer. At TBC Bank, Tbiluniversalbank and Bank of Georgia Mr. Apkhazava received promotions to various positions.

Mr. Apkhazava has joined JSC Isbank Georgia's team as a Chief Risk Officer and is the Member of Isbank Georgia's Board of Directors since April 2022.

Mr. Apkhazava is fluent in English.

Board of Directors

The Board of Directors is presided by the General Director appointed by the Supervisory Council. The board is accountable to the Supervisory Council of the Bank.

The Board of Directors is responsible for the day-to-day management of the Bank and for executing the strategic direction approved by the Supervisory Board. The Board leads the Bank's operations, manages business activities, and ensures the effective implementation of policies, objectives, and initiatives designed to create sustainable value for customers, shareholders, employees, and other stakeholders. The Board of Directors is accountable for achieving the Bank's financial and operational targets while maintaining an appropriate balance between growth, profitability, risk management, and regulatory compliance. It oversees all key business functions, including retail banking, corporate banking, treasury operations, digital transformation, customer experience, technology, finance, risk management, and support functions.

A central responsibility of the Board of Directors is fostering a strong risk culture throughout the organization. The Board ensures that risks are identified, measured, monitored, and managed within approved risk appetite limits. Particular attention is given to credit risk, market risk, liquidity risk, operational risk, information security, cyber risk, and compliance risk. The Board also oversees the effectiveness of anti-money laundering controls, sanctions compliance processes, fraud prevention measures, and customer protection frameworks.

The Board of Directors is responsible for maintaining a robust system of internal controls and ensuring that the Bank possesses the operational capabilities, technological infrastructure, and human resources required to support its strategic ambitions. Significant focus is placed on operational resilience, digital innovation, process automation, and the continuous enhancement of products and services to meet evolving customer needs. The Board regularly reports to the Supervisory Board regarding financial performance, strategic initiatives, key risks, regulatory developments, and material business matters. Through transparent reporting and constructive engagement, the Board of Directors supports informed oversight and effective governance across the organization.

Looking ahead, the Board remains focused on strengthening the Bank's competitive position, accelerating digital transformation, enhancing operational efficiency, maintaining strong asset quality, and delivering sustainable growth while preserving the highest standards of governance, risk management, and customer service.

Katskhi Pillar – Chiatura

JSC ISBANK GEORGIA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2025

Content

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Independent Auditors' Report

To the Shareholder of JSC Isbank Georgia

Opinion

We have audited the financial statements of the JSC Isbank Georgia (the "Bank"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Matter

The financial statements of the Bank as at and for the year ended 31 December 2023 were audited by other auditors who expressed an unmodified opinion on those statements on 4 July 2024.

Statement on Management Report

Management is responsible for the Management Report. The Management Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the Management Report and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Report when it becomes available and, in doing so, consider whether the Management Report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Management Report, we conclude whether the other information:

- is consistent with the financial statements and does not contain material misstatement;
- contains all information that is required by and is compliant with Law of Georgia on Accounting, Reporting and Auditing.

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 Accounting Standards, 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 Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 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 with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner on the audit resulting in this independent auditors' report is:

Nikoloz Chochua

KPMG Georgia LLC
31 March 2026

(in thousands of Georgian Lari)

	Notes	31 December 2025	31 December 2024	31 December 2023
ASSETS				
Cash and cash equivalents	8	158,048	47,606	77,287
Mandatory reserves at the National Bank of Georgia	9	49,327	40,896	35,988
Loans to customers and factoring receivables	10	326,058	323,601	270,487
Investment securities	11	-	2,976	11,538
Bonds at amortized cost	12	80,162	53,238	58,330
Property, equipment, intangible and right-of-use assets	13	8,866	9,823	8,134
Income tax asset		369	3,823	74
Other assets	14	2,523	2,844	2,848
TOTAL ASSETS		**625,353**	**484,807**	**464,686**
LIABILITIES				
Amounts due to credit institutions	15	111,508	138,444	109,832
Amounts due to customers	16	275,536	120,318	173,122
Other borrowed funds	17	56,866	70,186	39,233
Subordinated debt	18	13,479	-	-
Deferred tax liabilities	25	664	670	641
Other liabilities	14	6,585	8,808	7,800
TOTAL LIABILITIES		**464,638**	**338,426**	**330,628**
EQUITY	19			
Share capital		69,162	69,162	69,162
Retained earnings		91,553	77,219	64,896
TOTAL EQUITY		**160,715**	**146,381**	**134,058**
TOTAL LIABILITIES AND EQUITY		**625,353**	**484,807**	**464,686**

(in thousands of Georgian Lari)

	Notes	2025	2024	2023
Interest income calculated using effective interest rate		40,830	38,265	36,917
Interest expense		(16,332).	(15,839)	(11,595)
Net interest income	20	**24,498**	**22,426**	**25,322**
Fee and commission income		3,318	3,313	3,326
Fee and commission expense		(450)	(608)	(563)
Net fee and commission income	21	**2,868**	**2,705**	**2,763**
Gains less losses from trading in foreign currencies		1,859	978	3,270
Foreign exchange translation (losses)/gains		(406)	492	(304)
Net foreign exchange gain		**1,453**	**1,470**	**2,966**
Losses from disposal of investment securities measured at fair value through other comprehensive income		-	-	(87)
Expected credit loss	22	(851)	(2)	(293)
Operating income after credit loss		**27,968**	**26,599**	**30,671**
Personnel expenses	23	(6,325)	(6,486)	(5,469)
Other income		1,232	3	60
Other expenses	24	(4,837)	(4,970)	(4,417)
Profit before income tax		**18,038**	**15,146**	**20,845**
Income tax expense	25	(3,704)	(2,823)	(4,221)
Profit for the year		**14,334**	**12,323**	**16,624**
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Movement in fair value of investment securities measured at fair value through other comprehensive income		-	-	87
Other comprehensive income for the year		**-**	**-**	**87**
Total comprehensive income for the year		**14,334**	**12,323**	**16,711**

Approved for issue and signed on behalf of the Management on 31 March 2026 by:

Onur Kütük
Chief Executive Officer

Ucha Saralidze
Chief Financial Officer

(in thousands of Georgian Lari)

	Share capital	Fair value reserve for investment securities	Retained earnings	Total equity
Balance as at 31 December 2022	**69,162**	**(87)**	**48,272**	**117,347**
Profit for the year	-	-	16,624	16,624
Other comprehensive income for the year	-	87	-	87
Total comprehensive income for the year	-	87	**16,624**	**16,711**
Balance as at 31 December 2023	**69,162**	**-**	**64,896**	**134,058**
Profit for the year	-	-	12,323	12,323
Total comprehensive income for the year	**-**	**-**	**12,323**	**12,323**
Balance as at 31 December 2024	**69,162**	**-**	**77,219**	**146,381**
Profit for the year	-	-	14,334	**14,334**
Total comprehensive income for the year	**-**	**-**	**14,334**	**14,334**
Balance as at 31 December 2025	**69,162**	**-**	**91,553**	**160,715**

(in thousands of Georgian Lari)

	Notes	2025	2024	2023
Cash flows from operating activities				
Profit before income tax		18,038	15,146	20,845
Adjustment for:				
Depreciation and amortization	24	1,194	1,281	1,107
Interest income calculated using effective interest rate	20	(40,830)	(38,265)	(36,917)
Interest expense	20	16,332	15,839	11,595
Expected credit loss	20	851	2	293
Losses from disposal of property and equipment	13	94	-	24
Write-off of intangible assets	13	-	144	-
Net foreign exchange losses/(gains)		406	(492)	333
Losses from disposal of investment securities measured at fair value through other comprehensive income		-	-	87
Cash flows used in operating activities before changes in operating assets and liabilities		**(3,915)**	**(6,345)**	**(2,633)**
(Increase)/decrease in mandatory reserves at the National Bank of Georgia		(8,007)	(3,886)	3,933
Increase in loans to customers and factoring receivables		(244)	(50,662)	(4)
(Increase)/decrease in bonds at amortized cost		(26,970)	5,122	(21,193)
Decrease/(increase) decrease in other assets		321	8	(126)
(Decrease)/increase in amounts due to credit institutions		(26,881)	27,269	23,449
Increase/(decrease) in amounts due to customers		152,967	(54,750)	24,670
(Decrease)/increase in other liabilities		(1,304)	1,275	793
Cash flows from/(used in) operating activities before interest and tax		**85,967**	**(81,969)**	**28,889**
Interest receipts		40,476	38,077	36,484
Interest payments		(15,121)	(14,679)	(10,784)
Income tax paid		(256)	(6,543)	(4,884)
Cash flows from/(used in) operating activities		**111,066**	**(65,114)**	**49,705**
Cash flows from investing activities				
Purchases of investment securities		-	(7,549)	(12,291)
Receipts from investment securities		2,989	16,103	3,263
Purchases of property, equipment and intangible assets	13	(331)	(2,990)	(2,229)
Cash from/(used in) investing activities		**2,658**	**5,564**	**(11,257)**
Cash flows from financing activities				
Proceeds from other borrowed funds	17	-	47,201	-
Proceeds from subordinated debt	18	13,479	-	-
Repayments of other borrowed funds	17	(18,781)	(16,751)	(18,492)
Repayments of principal portion of lease liabilities	14	(606)	(568)	(527)
Cash flows (used in)/from financing activities		**(5,908)**	**29,882**	**(19,019**
Net increase/(decrease) in cash and cash equivalents		**107,816**	**(29,668)**	**19,429**
Effect of exchange rate changes on cash and cash equivalents		2,813	(13)	73
Effect of expected credit losses on cash and cash equivalents		(187)	-	-
Cash and cash equivalents as at the beginning of the year	8	47,606	77,287	57,785
Cash and cash equivalents as at the end of the year	**8**	**158,048**	**47,606**	**77,287**

1 Introduction

JSC Isbank Georgia (hereinafter the "Bank") is a joint stock company, incorporated on 29 June 2015 in accordance with legislation of Georgia. The Bank operates under a general banking license (N: 368) issued by the National Bank of Georgia ("NBG") on 1 August 2015. The Bank is registered by the LEPL National Agency of Public Registry and the registration number is 404496611.

Before reorganization (1 August 2015) the Bank was presented as Batumi Branch of JSC Isbank Turkey (the "Branch") registered on 13 July 2012 by the National Bank of Georgia (License N: 908) as a branch of a foreign bank Türkiye İş Bankası Anonim Şirketi (the "Parent" or the "Shareholder") which was incorporated in Turkey in 1924.

Principal activity. The Bank's principal activities include the following: accepts deposits from the public and provide credit, transfers payments in Georgia as well as abroad, exchanges currencies and provides other banking services to its commercial and retail customers. Main office of the Bank is in Tbilisi, Georgia and as at 31 December 2025 it has one branch located in Tbilisi (31 December 2024: one branch; 31 December 2023: two branches located in Tbilisi and Batumi).

Registered address and place of business. The Bank's registered legal address is 72a Ilia Chavchavadze Avenue, Tbilisi, Georgia.

As at 31 December 2025, 2024 and 2023, the Bank's 100% shareholder was JSC Isbank Turkey.

As of 31 December 2025, 38.66% of the JSC Isbank Turkey shares are owned by T. İş Bankası A.Ş. Supplementary Pension Fund (Fund), 28.09% are owned by the Republican People's Party - CHP (Atatürk's shares) and 33.25% are on free float (31 December 2024: 38,59%, 28.09% and 33.32%, respectively; 31 December 2023: 38.2%, 28.09% and 33.71%, respectively).

As at 31 December 2025, 2024 and 2023 the Bank does not have an ultimate controlling party. Related party transactions are disclosed in Note 30.

2 Operating environment of the Bank

The Bank's operations are primarily located in Georgia. Consequently, the Bank is exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia. The ongoing military conflict between the Russian Federation and Ukraine has further increased uncertainty in the business environment.

The recent events, including inflation, did not have a significant impact on the expected credit loss (ECL).

Climate change. The management has taken note of global awareness and concerns about the potential impact of climate change. The Bank adapted Environmental and Social Risk Management policy, which describes the Bank's commitment to sustainable finance as an integral component of responsible corporate governance. The Bank reviewed its exposure to climate-related risks and did not identify any risks that could significantly impact the financial performance or position of the Bank as at 31 December 2025. The management estimates that current composition and maturity structure of the loan portfolio shows that the largest part of the portfolio is less vulnerable to the climate risk. The management continues to monitor developments in this area and will respond as necessary to ensure the Bank's viability and will adopt all government guidelines when these are issued in the markets in which the Bank operates.

3 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) under the historical cost convention as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of financial instruments categorised at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

The Bank presents comparative information for all amounts reported in the current period's financials statement for two preceding periods – years ended 31 December 2024 and 2023. The Bank's management considers such disclosure more useful and informative for the stakeholders of the Bank.

Functional and presentation currency. The national currency of Georgia is the Georgian Lari ("GEL" or "₾"), which is the Bank's functional and presentation currency. These financial statements are presented in thousands of Georgian Lari ("GEL") except where otherwise stated.

Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the official exchange rate set by the National Bank of Georgia at the reporting date. Gains or losses resulting from the translation of foreign currency transactions are recognized in the statement of profit or loss as gains less losses from foreign currencies – translation differences. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on revaluation are recognized in profit or loss.

The exchange rates used by the Bank in the preparation of the financial statements as at 31 December 2025, 2024 and 2023 are as follows:

	31 December 2025	31 December 2024	31 December 2023
1 US Dollar / ₾	2.6951	2.8068	2.6894
1 Euro / ₾	3.1737	2.9306	2.9753
1 Turkish Lira / ₾	0.0628	0.0795	0.0910
1 United Kingdom Pound / ₾	3.6446	3.5349	3.4228

Presentation of financial statements. The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets /liabilities of the corresponding financial statement line items. The analysis of amounts expected to be recovered or settled within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 27.

4 Material accounting policy information

Initial recognition of financial instruments. Financial instruments at fair value through profit or loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs.

Financial assets – classification and subsequent measurement – measurement categories. The Bank classifies financial assets in the following measurement categories: FVOCI and Amortized Cost (AC). The classification and subsequent measurement of debt financial assets depends on: (i) the Bank's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – reclassification. The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank changes the business model for managing financial assets. Financial liabilities are never reclassified.

Financial assets impairment – expected credit loss (ECL) allowance. The Bank assesses, on a forward-looking basis, the ECL for financial assets measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The bank measures ECL and recognises credit loss allowance at each reporting date.

The Bank applies a three-stage model for impairment. The approach is summarised as follows:

- Stage 1: The Bank recognises a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition. For those financial assets with a remaining maturity of less than 12 months, a PD is used that corresponds to the remaining maturity;

- Stage 2: The Bank recognises a credit loss allowance at an amount equal to lifetime expected credit losses (LTECL) for those financial instruments which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on lifetime probability of default (LTPD) that represents the probability of default occurring over the remaining lifetime of financial instrument. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1. Financial instruments in stage 2 are not yet deemed to be credit-impaired;

- Stage 3: If the financial instrument is credit-impaired, it is then moved to stage 3. The Bank recognises a loss allowance at an amount equal to lifetime expected credit losses, reflecting a Probability of Defaults (PD) of 100% for financial instruments that are credit-impaired.

Financial instruments within the scope of the impairment requirement of IFRS 9 are classified into one of the above three stages.

Key judgment and estimates used under IFRS 9 are disclosed in Note 5.

Financial assets – derecognition and modification. The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank assesses whether the modification of contractual cash flows is substantial, in which it considers certain qualitative and quantitative factors combined. Qualitative criteria may include significant change in the structure of the loan facility, change in counterparty, change in the contractual interest rates due to market environment changes.

4 Material accounting policy information (continued)

For the quantitative assessment, the Bank compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. It should be assessed whether change in contractual cash flow is substantial (significance defined as 10% change). If the test result is above 10% threshold, loan should be derecognized, whereas if the test is passed and result is below or equal to 10%, financial asset can be assessed as modified.

If above mentioned qualitative and quantitative criteria are not met, then modification does not result in derecognition.

Write-off. Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. A write-off constitutes a derecognition event. For more information about the write-off methodology of the Bank, refer to Note 27.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC.

Impairment of non-financial assets. Non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses in respect of non-financial assets are recognized in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Cash and cash equivalents. Cash and cash equivalents are items which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents include notes and coins on hand, amounts due from National Bank of Georgia (NBG), excluding mandatory reserves, and other highly liquid financial assets with original maturities of less than three month. Cash and cash equivalents are carried at amortised cost.

Mandatory reserves with NBG. As financial assets are carried at amortised cost and represent mandatory reserve deposits that are not available to finance the Bank's day-to-day operations.

Loans to customers. Loans to customers are recorded when the Bank advances money to purchase or originate a loan due from a customer. Impairment allowances are determined based on the forward-looking ECL models. Note 27 provides information about inputs, assumptions and estimation techniques used in measuring ECL.

Factoring receivables. Factoring receivables, presented as part of loans to customers, are measured at amortised cost. They are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

4 Material accounting policy information (continued)

Investment securities. Investment securities include Government bonds. The Bank classifies investment securities as carried at AC or FVOCI. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest ("SPPI"). Debt securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit of loss for the year. All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss.

Bonds at amortized cost. The Bank classifies bonds as carried at AC, as they are held for collection of contractual cash flows that represent SPPI. Interest income from these assets is calculated using the effective interest method and recognised in profit of loss for the year.

Property and equipment. Property and equipment are stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in estimates. Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in below. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets.

Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. The estimated useful lives are as follows:

Leasehold improvements	10 years
Computers and office equipment	5-10 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Right-of-use assets	Lease term

An asset should be removed from the statement of financial position on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the assets is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets. Acquired intangible assets are stated at cost less accumulated amortization and impairment losses. Acquired computer software licenses are capitalized based on the costs incurred to acquire and bring to use the specific software.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives range up to 15 years.

Right-of-use assets. Right-of-use assets are presented as part of property, equipment, intangible and right-of-use assets in the statement of financial position. The Bank recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. Right-of-use assets are also subject to impairment.

4 Material accounting policy information (continued)

Repossessed assets. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and carrying amount of defaulted loan for non-financial assets at the repossession date in, line with the Bank's policy.

Amounts due to customers. Amounts due to customers are non-derivative liabilities to individuals or corporate customers and are carried at AC.

Other borrowed funds. Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss profit or loss and other comprehensive income when the borrowings are derecognised as well as through the amortisation process. If the Bank purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognised in the statement of profit or loss profit or loss and other comprehensive income.

Lease liabilities. Lease liabilities are presented as part of other liabilities in the statement of financial position. At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate.

In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Financial guarantees, performance guarantees, letters of credit and undrawn loan commitments. The Bank issues financial guarantees, performance guarantees, letter of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss profit or loss and other comprehensive income, and an ECL provision.

Performance guarantees are contracts that provide compensation in case of another party fails to perform a contractual obligation, they are initially recognised in the financial statements at fair value.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre–specified terms to the customer. Similar to financial guarantee contracts these contracts are in the scope of the ECL requirements.

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

Dividends. The ability of the Bank to declare and pay dividends is subject to the rules and regulations of Georgian legislation. Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared. Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

4 Material accounting policy information (continued)

Income and expense recognition. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Under IFRS 9, interest income is recorded using the effective interest rate method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the effective interest rate method. Interest expense is also calculated using the effective interest rate method for all financial liabilities held at amortised cost.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets or liabilities, or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The effective interest rate (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial assets, as well as fees and costs are an integral part of the effective interest rate. The effective interest rate calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets or liabilities cash flows are revised for reasons other than credit risk, than changes to future contractual cash flows are discounted at the original effective interest rate with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in interest revenue/ expense calculated using the effective interest method.

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

Loan origination fees that are considered to be integral to the overall profitability of a loan, together with the related transaction costs, are deferred and amortized to interest revenue over the estimated life of the financial instrument using the effective interest method.

Fee and commission income. The Bank earns fee and commission income from a diverse range of financial services it provides to its customers.

Fee and commission income is recognised at an amount that reflects the considerations to which the Bank expects to be entitled in exchange for providing services. The Bank earns significant part of fee and commission income mainly from the guarantees issued, settlement and other operations.

Fee income earned from guarantees issued - Fees earned for the guarantees include fixed monthly or quarterly commission income. Fee income is recognized over time, as the services are rendered throughout the maturity of the guarantee agreement.

Fee income earned from settlement and other operations - The fee and commission income is recognised at a point in time when the Bank satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received or receivable represents the transaction price for the services identified as distinct performance obligations. Such income includes fees for arranging a sale or purchase of foreign currencies on behalf of a customer, fees for processing payment transactions, merchant fees, account opening and maintenance fees, fees for cash settlements, collection, or cash disbursements, etc.

Credit enhancements. The Bank seeks to use collateral to mitigate its credit risks on financial assets. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS Accounting Standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis.

4 Material accounting policy information (continued)

Contingencies. Contingent liabilities are not recognised in the statements of financial position but are disclosed unless the possibility of any outflow in settlement is remote. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs. A contingent asset is not recognised in the statement of financial position but disclosed when an inflow of economic benefits is probable.

Taxation. Income taxes are provided in the financial statements in accordance with the legislation enacted or substantively enacted by the end of reporting. The income tax comprises of current tax and deferred tax and is recognised in profit or loss except if it is recognised directly in the other comprehensive income because it is related to transactions that are also recognised, in the same or a different period, directly in other comprehensive income.

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

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill that is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period that are expected to apply to the extent of time when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Georgia also has various operating taxes that are assessed on the Bank's activities. These taxes are included as a component of other operating expenses.

5 Critical accounting estimates and judgements in applying accounting policies

The preparation of the Bank's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount or revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could results in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant increase in credit risk (SICR)

A significant increase in credit risk is not a defined term per IFRS 9, and is determined by management, based on their experience and judgment. In assessing whether the credit risk has significantly increased the Bank has identified a series of qualitative and quantitative criteria based on undertaking the holistic analysis of various factors including those which specific to a particular financial instrument or to a borrower as well as those applicable to particular sub-portfolios. The Bank has established general trigger events for individually significant and collectively assessed loans.

Measurement of expected credit losses (ECL)

ECL reflects an unbiased, probability-weighted estimate based on a combination of the following principal factors: probability of defaults (PD), loss given defaults (LGD), exposure at default (EAD) and loss given liquidation of collateralized exposure (LGL) which are further explained below:

Probability of Defaults (PD): The bank estimates PD based on a combination of rating model calibration results and a migration matrices approach which is further adjusted for macroeconomic expectations for all portfolios, to represent the forward-looking estimators of the PD parameters. With the forecasted conditional PD's migration matrices are constructed, from which unconditional marginal PD's are calculated that are further adjusted by age of the instrument in the portfolio. Since stage 3 financial instruments are defaulted, the probability of default in this case is equal to 100%.

5 Critical accounting estimates and judgements in applying accounting policies (continued)

Exposure at Defaults (EAD): The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial asset. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals discounted at the EIR. For Stage 1, the EAD are calculated as outstanding amount of loans and off balance commitments that are expected to be impaired in the period of 12 month after reporting period. For Stage 2 financial instruments, the EAD is calculated for each contractual remaining year. EAD for each year is estimated as an outstanding amount by the reporting period minus the cumulative yearly principal repayments. The outstanding amount by the reporting period is calculated taking into account CCF and cash cover amounts. For Stage 3, the EAD is calculated as the outstanding amount of the instrument by the reporting date taking into account CCF and cash cover amounts.

Loss Given Default (LGD): LGD is defined as the likely loss in case of a counterparty default. It provides an estimation of the exposure that cannot be recovered in default event and therefore captures the severity of a loss. LGD rates are calculated for corporate and retail portfolios. LGD is statistically calculated based on historical loan recovery data and takes into account historical losses incurred on unsecured exposures. While calculating LGD, recoveries of outlier exposures are excluded from the calculation. LGD is expressed as a percentage of the EAD.

Loss Given Liquidation of collateralized exposures (LGL): LGL represents the percentage of the exposure that cannot be recovered from collateral liquidation if the exposure is defaulted. Loss Given Liquidation calculation takes into account LTV, adjusted by time to sale of movable and immovable collateral, real estate price index, EIR, and expected sales ratio of collaterals. For uncollateralized exposures LGD rate is used. As for the partially collateralized exposure, unsecured part is calculated based on LGD while LGL is used for the secured part.

Macro-economic scenarios

Under IFRS 9, the allowance for credit losses is based on reasonable and supportable forward-looking information obtainable without undue costs of effort, which takes into considerations past events, current conditions and forecasts of future economic conditions.

To incorporate forward-looking information into the Bank's allowance for credit losses, the Bank uses the macroeconomic forecasts provided by National Bank of Georgia. Macroeconomic variables covered by these forecasts and which the Bank incorporated in its ECL assessment model include GDP growth and foreign exchange rate. The determination of the probability weighted ECL requires evaluating a range of diverse and relevant future economic conditions. To accommodate this requirement, the Bank uses three different economic scenarios in the ECL calculation: an upside (weight 0.25), a baseline (weight 0.50) and downside (weight 0.25) scenario relevant for each respective portfolio. A weight is computed for each scenario by using a probabilistic economic model that considers recent information as well as historical data provided by National Bank of Georgia. See also Note 27.

6 Adoption of new or revised standards and interpretations

The following amendment to IAS 21 became effective for annual periods beginning on 1 January 2025:

Lack of Exchangeability (Amendments to IAS 21)

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The Bank has assessed the impact of requirements relating to Lack of Exchangeability - Amendments to IAS 21. As the Bank does not operate in any jurisdiction currently affected by restrictions on currency exchangeability, these requirements have not had an impact on the Bank's financial statements for the reporting period. The Bank will continue to monitor developments in relevant jurisdictions and will update its disclosures should circumstances change.

7 New accounting pronouncements

A number of new standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted; however, the Bank has not early adopted the new or amended standards in preparing these financial statements.

(a) Classification and Measurement of Financial instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amended IFRS 9 and IFRS 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Bank is in the process of assessing the impact of the amendments.

(b) IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

(c) Other accounting standards

The following new and amended standards are not expected to have a significant impact on the Bank's financial statements:

– Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.
– Annual Improvements to IFRS Accounting Standards (volume 11).
– IFRS 19 Subsidiaries without Public Accountability: Disclosures.
– Translation to a hyperinflationary Presentation Currency (Amendments to IAS 21).
– Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

(in thousands of Georgian Lari)

8 Cash and cash equivalents

Cash and cash equivalents comprise:

	31 December 2025	31 December 2024	31 December 2023
Cash on hand	1,131	1,712	1,847
Correspondent accounts with the NBG (other than mandatory reserve deposits)	683	731	463
Nostro accounts with other banks	15,804	24,920	38,115
Term deposits and overnight placements with the NBG with original maturities of less than three months	21,996	5,001	4,202
Term deposits and overnight placements with other banks with original maturities of less than three months	118,740	15,361	32,887
Total gross amount of cash and cash equivalents	**158,354**	**47,725**	**77,514**
Less: allowance for impairment by stages			
Stage 1	(306)	(119)	(227)
Total cash and cash equivalents	**158,048**	**47,606**	**77,287**

As at 31 December 2025 the Bank has a placement with four banks (31 December 2024: one bank; 31 December 2023: three banks) with carrying value that individually exceeds 10% of equity. The gross value of that balance as at 31 December 2025 is GEL 157,149 thousand (31 December 2024: GEL 28,781 thousand; 31 December 2023: GEL 66,186 thousand).

The credit ratings of nostro accounts with other banks stand as follows:

	31 December 2025	31 December 2024	31 December 2023
BB	15,645	24,809	37,993
BB-	79	17	-
B+	-	-	84
Not rated	80	94	38
Less: allowance for impairment	(34)	(64)	(96)
Total nostro accounts with other banks	**15,770**	**24,856**	**38,019**

The table illustrates the ratings by international agency Fitch Ratings.

The credit ratings of term deposits and overnight placements with other banks with original maturities of less than three months stand as follows:

	31 December 2025	31 December 2024	31 December 2023
BB	99,701	15,361	12,182
BB-	19,039	-	-
BB+	-	-	3,870
B+	-	-	16,835
Less: allowance for impairment	(222)	(40)	(119)
Total term deposits with other banks	**118,518**	**15,321**	**32,768**

The table illustrates the ratings by international agency Fitch Ratings.

The ECL recognised for deposit with the NBG as at 31 December 2025 amounted to GEL 48 thousand (31 December 2024: GEL 13 thousand, 31 December 2023: 11 thousand) and ECL recognised for correspondent accounts with the NBG as at 31 December 2025 amounted to GEL 2 thousand (31 December 2024: GEL 2 thousand; 31 December 2023: 1 thousand). For the country rating of Georgia, please refer to Note 9.

(in thousands of Georgian Lari)

9 Mandatory reserves at the National Bank of Georgia

Mandatory reserves at the National Bank of Georgia (NBG) represents amounts deposits with the NBG. Resident financial institutions are required to maintain an interest-earning obligatory reserve with the NBG, the amount of which depends on the level of funds attracted by the financial institutions. The Bank's ability to withdraw these deposits is restricted by regulations.

	31 December 2025	31 December 2024	31 December 2023
Mandatory reserves at the National Bank of Georgia	49,436	41,004	36,079
Less: allowance for impairment by stages			
Stage 1	(109)	(108)	(91)
Total mandatory reserves at the National Bank of Georgia	**49,327**	**40,896**	**35,988**

In 2025, Fitch Ratings has affirmed Georgia's Long-Term Foreign and Local Currency Issuer Default Rating (IDRs) at 'BB', with stable outlook. The country ceiling is affirmed at 'BBB-', while short-term foreign and local-currency IDRs are kept at 'B'.

10 Loans to customers and factoring receivables

Loans to customers and factoring receivables comprise:

	31 December 2025	31 December 2024	31 December 2023
Loans to legal entities			
Corporate lending*	241,590	262,697	217,075
Small and medium business lending	27,029	23,558	9,949
Interbank loans	-	-	38,146
Total loans to legal entities	**268,619**	**286,255**	**265,170**
Loans to individuals			
Residential mortgage	2,357	2,207	2,889
Consumer lending	3,005	3,046	4,498
Total loans to individuals	**5,362**	**5,253**	**7,387**
Factoring receivables*	54,481	33,721	-
Total factoring receivables	**54,481**	**33,721**	-
Total gross amount of loans to customers and factoring receivables	**328,462**	**325,229**	**272,557**
Less: allowance for impairment by stages	(2,404)	(1,628)	(2,070)
Stage 1	(1,534)	(1,328)	(1,236)
Stage 2	(15)	-	-
Stage 3	(855)	(300)	(834)
Loans to customers and factoring receivables	**326,058**	**323,601**	**270,487**

* Factoring receivables, previously included in corporate lending, have been presented separately for improved presentation.

(a) Allowance for impairment of loans to customers and factoring receivables at amortised cost

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans to customers and factoring receivables carried at amortised cost between the beginning and the end of the reporting period. Below main movements in the table are described:

- Transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- New originated or purchased gives us information regarding gross loans and corresponding credit impairment losses issued during the year;
- Assets repaid during the period refers to the balance of loans and credit loss allowance at the beginning of the period, which were fully repaid during the year;
- Write-offs refer to write off of loans during the year;
- Foreign exchange adjustments refer to translation of assets denominated in foreign currencies;
- Net remeasurement due to stage transfers and risk parameters changes refers to the movements in ECL as a result of transfer of exposure between stages or changes in risk parameters and forward-looking expectations.

(in thousands of Georgian Lari)

10 Loans to customers and factoring receivables (continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to corporate lending during the year ended 31 December 2025 is as follows:

Corporate lending	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2025	**262,697**	**-**	**-**	**262,697**
New assets originated or purchased	191,601	-	-	191,601
Assets repaid	(212,607)	-	-	(212,607)
Foreign exchange adjustments	(101)	-	-	(101)
At 31 December 2025	**241,590**	**-**	**-**	**241,590**

Corporate lending	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2025	**(1,045)**	-	-	**(1,045)**
New assets originated or purchased	(934)	-	-	(934)
Assets repaid	905	-	-	905
At 31 December 2025	**(1,074)**	**-**	**-**	**(1,074)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to corporate lending during the year ended 31 December 2024 is as follows:

Corporate lending	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2024	**217,075**	-	**-**	**217,075**
New assets originated or purchased	232,875	-	-	232,875
Assets repaid	(188,124)	-	-	(188,124)
Foreign exchange adjustments	871	-	-	871
At 31 December 2024	**262,697**	**-**	**-**	**262,697**

Corporate lending	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2024	**(992)**	**-**	**-**	**(992)**
New assets originated or purchased	(880)	-	-	(880)
Assets repaid	824	-	-	824
Net remeasurement of ECL	3	-	-	3
At 31 December 2024	**(1,045)**	**-**	**-**	**(1,045)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to corporate lending during the year ended 31 December 2023 is as follows:

Corporate lending	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2023	**223,110**	-	**362**	**223,472**
New assets originated or purchased	174,453	-	-	174,453
Assets repaid	(180,953)	-	(362)	(181,315)
Foreign exchange adjustments	465	-	-	465
At 31 December 2023	**217,075**	**-**	**-**	**217,075**

Corporate lending	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2023	**(1,306)**	-	-	**(1,306)**
New assets originated or purchased	(859)	-	-	(859)
Assets repaid	1,173	-	-	1,173
At 31 December 2023	**(992)**	**-**	**-**	**(992)**

(in thousands of Georgian Lari)

10 Loans to customers and factoring receivables (continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to small and medium business lending during the year ended 31 December 2025 is as follows:

Small and medium business	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2025	**23,152**	**-**	**406**	**23,558**
New assets originated or purchased	18,182	-	-	18,182
Assets repaid	(14,436)	-	-	(14,436)
Transfers to Stage 2	(541)	541	-	-
Transfers to Stage 3	(495)	-	495	-
Foreign exchange adjustments	(298)	-	23	(275)
At 31 December 2025	**25,564**	**541**	**924**	**27,029**

Small and medium business	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2025	**(100)**	**-**	**(25)**	**(125)**
New assets originated or purchased	(132)	-	-	(132)
Assets repaid	93	-	9	102
Transfers to Stage 2	8	(8)	-	-
Net remeasurement of ECL	-	(7)	(481)	(488)
At 31 December 2025	**(131)**	**(15)**	**(497)**	**(643)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to small and medium business lending during the year ended 31 December 2024 is as follows:

Small and medium business	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2024	**9,257**	**279**	**413**	**9,949**
New assets originated or purchased	20,600	-	-	20,600
Assets repaid	(6,526)	(154)	(8)	(6,688)
Transfers to Stage 1	125	(125)	-	-
Transfers to Stage 3	(380)	-	380	-
Write-offs	-	-	(380)	(380)
Foreign exchange adjustments	76	-	1	77
At 31 December 2024	**23,152**	**-**	**406**	**23,558**

Small and medium business	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2024	**(24)**	**-**	**(412)**	**(436)**
New assets originated or purchased	(94)	-	-	(94)
Assets repaid	18	-	6	24
Write-offs	-	-	380	380
Net remeasurement of ECL	-	-	1	1
At 31 December 2024	**(100)**	**-**	**(25)**	**(125)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to small and medium business lending during the year ended 31 December 2023 is as follows:

Small and medium business	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2023	**23,913**	**335**	**876**	**25,124**
New assets originated or purchased	7,863	-	277	8,140
Assets repaid	(22,523)	(55)	(740)	(23,318)
Foreign exchange adjustments	4	(1)	-	3
At 31 December 2023	**9,257**	**279**	**413**	**9,949**

Small and medium business	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2023	**(144)**	**(4)**	**(297)**	**(445)**
New assets originated or purchased	(18)	-	(276)	(294)
Assets repaid	131	4	267	402
Net remeasurement of ECL	7	-	(106)	(99)
At 31 December 2023	**(24)**	**-**	**(412)**	**(436)**

(in thousands of Georgian Lari)

10 Loans to customers and factoring receivables (continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to interbank loans during the year ended 31 December 2025 is as follows:

Interbank loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying values as at 1 January 2025	**-**	**-**	**-**	**-**
Assets repaid	-	-	-	-
At 31 December 2025	**-**	**-**	**-**	**-**

Interbank loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as 1 January 2025	**-**	**-**	**-**	**-**
Assets repaid	-	-	-	-
At 31 December 2025	**-**	**-**	**-**	**-**

An analysis of changes in the gross carrying value and corresponding ECL in relation to interbank loans during the year ended 31 December 2024 is as follows:

Interbank loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying values as at 1 January 2024	**38,146**	**-**	**-**	**38,146**
Assets repaid	(38,146)	-	-	(38,146)
At 31 December 2024	**-**	**-**	**-**	**-**

Interbank loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as 1 January 2024	**(186)**	**-**	**-**	**(186)**
Assets repaid	186	-	-	186
At 31 December 2024	**-**	**-**	**-**	**-**

An analysis of changes in the gross carrying value and corresponding ECL in relation to interbank loans during the year ended 31 December 2023 is as follows:

Interbank loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying values as at 1 January 2023	**16,049**	**-**	**-**	**16,049**
New assets originated or purchased	38,147	-	-	38,147
Assets repaid	(16,050)	-	-	(16,050)
At 31 December 2023	**38,146**	**-**	**-**	**38,146**

Interbank loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as 1 January 2023	**(23)**	**-**	**-**	**(23)**
New assets originated or purchased	(186)	-	-	(186)
Assets repaid	23	-	-	23
At 31 December 2023	**(186)**	**-**	**-**	**(186)**

(in thousands of Georgian Lari)

10 Loans to customers and factoring receivables (continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to residential mortgages during the year ended 31 December 2025 is as follows:

Residential mortgages	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2025	**1,710**	**-**	**497**	**2,207**
New assets originated or purchased	739	-	-	739
Assets repaid	(443)	-	(135)	(578)
Transfers to Stage 1	39	-	(39)	-
Transfers to Stage 2	-	266	(266)	-
Foreign exchange adjustments	(10)	-	(1)	(11)
At 31 December 2025	**2,035**	**266**	**56**	**2,357**

Residential mortgages	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2025	**(1)**	**-**	**(175)**	**(176)**
New assets originated or purchased	(8)	-	-	(8)
Assets repaid	-	-	123	123
Net remeasurement of ECL	-	-	(2)	(2)
At 31 December 2025	**(9)**	**-**	**(54)**	**(63)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to residential mortgages during the year ended 31 December 2024 is as follows:

Residential mortgages	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2024	**2,255**	**349**	**285**	**2,889**
New assets originated or purchased	423	-	-	423
Assets repaid	(984)	(46)	(12)	(1,042)
Transfers to Stage 3	-	(303)	303	-
Write-offs	-	-	(82)	(82)
Foreign exchange adjustments	16	-	3	19
At 31 December 2024	**1,710**	**-**	**497**	**2,207**

Residential mortgages	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2024	**(11)**	**-**	**(152)**	**(163)**
New assets originated or purchased	1	-	(41)	(40)
Assets repaid	9	-	12	21
Write-offs	-	-	82	82
Net remeasurement of ECL	-	-	(76)	(76)
At 31 December 2024	**(1)**	**-**	**(175)**	**(176)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to residential mortgages during the year ended 31 December 2023 is as follows:

Residential mortgages	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2023	**3,429**	**-**	**356**	**3,785**
New assets originated or purchased	396	-	148	544
Assets repaid	(1,220)	-	(218)	(1,438)
Transfers to Stage 2	(349)	349	-	-
Foreign exchange adjustments	(1)	-	(1)	(2)
At 31 December 2023	**2,255**	**349**	**285**	**2,889**

Residential mortgages	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2023	**(52)**	**-**	**(149)**	**(201)**
New assets originated or purchased	(2)	-	(98)	(100)
Assets repaid	43	-	95	138
At 31 December 2023	**(11)**	**-**	**(152)**	**(163)**

(in thousands of Georgian Lari)

10 Loans to customers and factoring receivables (continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to consumer lending during the year ended 31 December 2025 is as follows:

Consumer lending	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2025	**2,863**	**36**	**147**	**3,046**
New assets originated or purchased	1,750	-	163	1,913
Assets repaid	(1,951)	(15)	-	(1,966)
Foreign exchange adjustments	13	-	(1)	12
At 31 December 2025	**2,675**	**21**	**309**	**3,005**

Consumer lending	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	**(10)**	**-**	**(112)**	**(122)**
New assets originated or purchased	(14)	-	-	(14)
Assets repaid	9	-	20	29
Net remeasurement of ECL	-	-	(212)	(212)
At 31 December 2025	**(15)**	**-**	**(304)**	**(319)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to consumer lending during the year ended 31 December 2024 is as follows:

Consumer lending	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2024	**4,186**	**-**	**312**	**4,498**
New assets originated or purchased	1,647	-	10	1,657
Assets repaid	(2,932)	-	(14)	(2,946)
Transfers to Stage 2	(36)	36	-	-
Write-offs	-	-	(162)	(162)
Foreign exchange adjustments	(2)	-	1	(1)
At 31 December 2024	**2,863**	**36**	**147**	**3,046**

Consumer lending	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	**(24)**	**-**	**(269)**	**(293)**
New assets originated or purchased	(9)	-	(3)	(12)
Assets repaid	23	-	7	30
Write-offs	-	-	163	163
Net remeasurement of ECL	-	-	(10)	(10)
At 31 December 2024	**(10)**	**-**	**(112)**	**(122)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to consumer lending during the year ended 31 December 2023 is as follows:

Consumer lending	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2023	**3,625**	**6**	**295**	**3,926**
New assets originated or purchased	2,794	-	50	2,844
Assets repaid	(2,242)	(6)	(33)	(2,281)
Foreign exchange adjustments	9	-	-	9
At 31 December 2023	**4,186**	**-**	**312**	**4,498**

Consumer lending	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	**(95)**	**(2)**	**(267)**	**(364)**
New assets originated or purchased	(13)	-	(25)	(38)
Assets repaid	84	2	23	109
At 31 December 2023	**(24)**	**-**	**(269)**	**(293)**

(in thousands of Georgian Lari)

10 Loans to customers and factoring receivables (continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to factoring receivables during the year ended 31 December 2025 is as follows:

Factoring receivables	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2025	**33,721**	**-**	**-**	**33,721**
New assets originated or purchased	54,481	-	-	54,481
Assets repaid	(33,721)	-	-	(33,721)
At 31 December 2025	**54,481**	**-**	**-**	**54,481**

Factoring receivables	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	**(160)**	**-**	**-**	**(160)**
New assets originated or purchased	(305)	-	-	(305)
Assets repaid	160	-	-	160
At 31 December 2025	**(305)**	**-**	**-**	**(305)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to factoring receivables during the year ended 31 December 2024 is as follows:

Factoring receivables	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2024	**-**	**-**	**-**	**-**
New assets originated or purchased	33,721	-	-	33,721
At 31 December 2024	**33,721**	**-**	**-**	**33,721**

Factoring receivables	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	**-**	**-**	**-**	**-**
New assets originated or purchased	(160)	-	-	(160)
At 31 December 2024	**(160)**	**-**	**-**	**(160)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to factoring receivables during the year ended 31 December 2023 is as follows:

Factoring receivables	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2023	**-**	**-**	**-**	**-**
Assets repaid	-	-	-	-
At 31 December 2023	**-**	**-**	**-**	**-**

Factoring receivables	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	**-**	**-**	**-**	**-**
Assets repaid	-	-	-	-
At 31 December 2023	**-**	**-**	**-**	**-**

The credit loss allowance for loans and advances to customers recognised in the period is impacted by a variety of factors, details of ECL measurement are provided in Note 27.

(in thousands of Georgian Lari)

10 Loans to customers and factoring receivables (continued)

(b) Credit quality of 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
Loans to legal entities				
Corporate lending	**241,590**	**-**	**-**	**241,590**
not overdue	241,590	-	-	241,590
Small and medium business lending	**25,565**	**541**	**923**	**27,029**
not overdue	25,565	541	-	26,106
overdue more than 30 days and less than 90 days	-	-	426	426
overdue more than 90 days	-	-	497	497
Total loans to legal entities	**267,155**	**541**	**923**	**268,619**
Loans to individuals				
Residential mortgages	**2,036**	**266**	**55**	**2,357**
not overdue	2,036	266	55	2,357
overdue less than 30 days	-	-	-	-
Consumer lending	**2,675**	**22**	**309**	**3,005**
not overdue	2,675	21	-	2,696
overdue more than 90 days	-	-	309	309
Total loans to individuals	**4,711**	**287**	**364**	**5,362**
Factoring receivables	**54,481**	**-**	**-**	**54,481**
Not overdue	54,481	-	-	54,481
Total factoring receivables	**54,481**	**-**	**-**	**54,481**
Total gross loans to customers and factoring receivables	**326,347**	**828**	**1,287**	**328,462**

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
Loans to legal entities				
Corporate lending	**262,697**	**-**	**-**	**262,697**
not overdue	262,373	-	-	262,373
overdue less than 30 days	324	-	-	324
Small and medium business lending	**23,152**	**-**	**406**	**23,558**
not overdue	22,696	-	-	22,696
overdue less than 30 days	456	-	406	862
Total loans to legal entities	**285,849**	**-**	**406**	**286,255**
Loans to individuals				
Residential mortgages	**1,710**	**-**	**497**	**2,207**
not overdue	1,614	-	412	2,026
overdue less than 30 days	-	-	-	-
overdue more than 30 days and less than 90 days	96	-	85	181
Consumer lending	**2,861**	**38**	**147**	**3,046**
not overdue	2,861	-	-	2,861
overdue more than 30 days and less than 90 days	-	38	132	170
overdue more than 90 days	-	-	15	15
Total loans to individuals	**4,571**	**38**	**644**	**5,253**
Factoring receivables	**33,721**	**-**	**-**	**33,721**
not overdue	33,721	-	-	33,721
Total factoring receivables	**33,721**	**-**	**-**	**33,721**
Total gross loans to customers and factoring receivables	**324,141**	**38**	**1,050**	**325,229**

(in thousands of Georgian Lari)

10 Loans to customers and factoring receivables (continued)

The following table provides information on the credit quality of loans to customers as at 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
Loans to legal entities				
Corporate lending	**217,075**	**-**	**-**	**217,075**
not overdue	217,075	-	-	217,075
Interbank loans	**38,146**	**-**	**-**	**38,146**
not overdue	38,146	-	-	38,146
Small and medium business lending	**9,257**	**279**	**413**	**9,949**
not overdue	9,257	279	310	9,846
overdue more than 90 days	-	-	103	103
Total loans to legal entities	**264,478**	**279**	**413**	**265,170**
Loans to individuals				
Residential mortgages	**2,255**	**349**	**285**	**2,889**
not overdue	2,255	-	285	2,540
overdue more than 30 days and less than 90 days	-	349	-	349
Consumer lending	**4,186**	**-**	**312**	**4,498**
not overdue	4,186	-	210	4,396
overdue more than 90 days	-	-	102	102
Total loans to individuals	**6,441**	**349**	**597**	**7,387**
Total gross loans to customers and factoring receivables	**270,919**	**628**	**1,010**	**272,557**

(c) Analysis of collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For commercial lending, charges over real estate properties, inventory, trade receivables, movable properties, sureties;
- For retail lending, mortgages over residential properties, movable properties and sureties.

The following table shows carrying value of loans and factoring receivables on which no ECL was recognized because of existence of collateral at 31 December 2025, 2024 and 2023:

	31 December 2025	31 December 2024	31 December 2023
Loans to legal entities			
Corporate lending	5,782	25,124	15,634
Small and medium business lending	54	60	2,184
Total loans to legal entities	**5,836**	**25,184**	**17,818**
Loans to individuals			
Residential mortgages	-	106	391
Consumer lending	401	243	1,389
Total loans to individuals	**401**	**349**	**1,780**
Gross loans to customers and factoring receivables	**6,237**	**25,533**	**19,598**

(in thousands of Georgian Lari)

10 Loans to customers and factoring receivables (continued)

(d) Industry analysis of the loan portfolio

Loans to customers and factoring receivables were issued to customers located within Georgia and Turkey who operate in the following economic sectors:

	2025		2024		2023	
Construction and land development	92,431	28%	77,320	24%	52,205	19%
Energy	62,194	19%	66,073	20%	46,857	17%
Financial institutions	29,360	9%	25,226	8%	54,343	20%
Production and trade of clothes, shoes and textiles	28,722	9%	30,040	9%	15,418	6%
Healthcare	23,093	7%	23,068	7%	13,042	5%
Service	17,593	5%	13,093	4%	11,882	4%
Auto dealers	16,802	5%	14,444	4%	12,544	5%
Agriculture	16,063	5%	8,252	3%	5,288	2%
Consumer goods	15,241	5%	20,171	6%	19,777	7%
Other sectors	10,887	3%	14,153	4%	20,170	7%
Hotels, restaurants and tourism	10,714	3%	11,082	3%	1,772	1%
Real estate management	-	0%	15,239	5%	8,797	3%
State organizations	-	0%	1,815	1%	3,074	1%
Loans to individuals	5,362	2%	5,253	2%	7,388	3%
Total loan to customers and factoring receivables	**328,462**	**100%**	**325,229**	**100%**	**272,557**	**100%**
Less: allowance for impairment	(2,404)		(1,628)		(2,070)	
Total net loans to customers and factoring receivables	**326,058**		**323,601**		**270,487**	

(e) Significant credit exposures

As at 31 December 2025 the Bank has loans issued to five borrowers or groups of connected borrowers (31 December 2024: eight; 31 December 2023: six) with carrying values that individually exceed 10% of equity. The gross value of these loans as at 31 December 2025 is GEL 116,930 thousand (31 December 2024: GEL 154,147 thousand; 31 December 2023: GEL 82,817 thousand). The balances are fully in Stage 1 as at 31 December 2025, 2024 and 2023. Expected credit losses for the balances as at 31 December 2025 comprised GEL 475 thousand (31 December 2024: GEL 658 thousand; 31 December 2023: GEL 331 thousand).

(f) Loan maturities

The maturity of the loan portfolio is presented in Note 27 which shows the remaining period from the reporting date to the contractual maturity of the loans. Due to the short-term nature of the loans issued by the Bank, it is likely that many of the loans will be renewed at maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the contractually agreed term. In this case the bank renews loans by creating new agreements and assesses the credit risks of companies separately.

(g) Modified and restructured loans

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(in thousands of Georgian Lari)

11 Investment securities

Investment securities comprise:

	31 December 2025	31 December 2024	31 December 2023
Debt securities at AC			
Treasury bonds of Ministry of Finance Georgia	-	2,989	5,715
Deposit certificate of NBG	-	-	5,876
Total gross debt securities at AC	**-**	**2,989**	**11,591**
Less: allowance for impairment by stages	-		
Stage 1	-	(13)	(53)
Total investment securities	**-**	**2,976**	**11,538**

The credit ratings of investment securities stand as follows:

	31 December 2025	31 December 2024	31 December 2023
BB	-	2,976	11,538
Total investment securities	**-**	**2,976**	**11,538**

The country rating for Georgia stands at BB as assigned by Fitch rating agency.

12 Bonds at amortized cost

Bonds at amortized cost comprise:

	31 December 2025	31 December 2024	31 December 2023
Bonds at AC			
Bonds of financial institutions	42,465	39,661	39,307
Corporate bonds	37,948	13,782	19,258
Total gross amount of bonds at amortized cost	**80,413**	**53,443**	**58,565**
Less: allowance for impairment by stages			
Stage 1	(251)	(205)	(235)
Total bonds at amortized cost	**80,162**	**53,238**	**58,330**

The credit ratings of bonds stand as follows:

	31 December 2025	31 December 2024	31 December 2023
BB	17,412	12,012	14,719
BB-	4,393	8,409	6,649
B+	-	2,863	-
B-	-	-	5,439
Not rated	58,357	29,954	31,523
Total bonds at amortized cost	**80,162**	**53,238**	**58,330**

The table illustrates the ratings by international agency Fitch Ratings. Management estimates that the unrated instruments approximate to BB- rating under Fitch Rating's rating system (31 December 2024: BB- rating under Fitch Rating's rating system; 31 December 2023: BB- rating under Fitch Rating's rating system).

The Bank manages bonds using internal processes similar to those applied to loans to customers. These bonds are managed together with loan portfolio and accordingly, the related cash flows are classified as part of operating activities.

(in thousands of Georgian Lari)

12 Bonds at amortized cost (Continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to bonds during the year ended 31 December 2025 is as follows:

Bonds at AC	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2025	**53,443**	-	**-**	**53,443**
New assets originated or purchased	64,504	-	-	64,504
Assets repaid	(37,423)	-	-	(37,423)
Foreign exchange adjustments	(111)	-	-	(111)
At 31 December 2025	**80,413**	**-**	**-**	**80,413**

Bonds at AC	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2025	**(205)**	-	-	**(205)**
New assets originated or purchased	(213)	-	-	(213)
Assets repaid	167	-	-	167
At 31 December 2025	**(251)**	**-**	**-**	**(251)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to bonds during the year ended 31 December 2024 is as follows:

Bonds at AC	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2024	**58,565**	-	**-**	**58,565**
New assets originated or purchased	9,651	-	-	9,651
Assets repaid	(15,004)	-	-	(15,004)
Foreign exchange adjustments	231	-	-	231
At 31 December 2024	**53,443**	**-**	**-**	**53,443**

Bonds at AC	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2024	**(235)**	-	-	**(235)**
New assets originated or purchased	(35)	-	-	(35)
Assets repaid	65	-	-	65
At 31 December 2024	**(205)**	**-**	**-**	**(205)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to bonds during the year ended 31 December 2023 is as follows:

Bonds at AC	Stage 1	Stage 2	Stage 3	Total
Gross carrying values as at 1 January 2023	**37,247**	-	**-**	**37,247**
New assets originated or purchased	37,909	-	-	37,909
Assets repaid	(16,528)	-	-	(16,528)
Foreign exchange adjustments	(63)	-	-	(63)
At 31 December 2023	**58,565**	**-**	**-**	**58,565**

Bonds at AC	Stage 1	Stage 2	Stage 3	Total
ECL as 1 January 2023	**(110)**	-	-	**(110)**
New assets originated or purchased	(162)	-	-	(162)
Assets repaid	37	-	-	37
At 31 December 2023	**(235)**	**-**	**-**	**(235)**

(in thousands of Georgian Lari)

13 Property, equipment, intangible and right-of-use assets

Property, equipment, intangible and right-of-use assets comprise:

	Leasehold improvements	Computers and office equipment	Furniture and fixtures	Motor vehicles	Total property and equipment	Intangible assets	Right-of-use assets / Building	Total
Cost								
Balance at 1 January 2023	**582**	**1,596**	**526**	**577**	**3,281**	**303**	**6,896**	**10,480**
Additions	40	1,994	100	95	2,229	-	-	2,229
Disposals / write-offs	-	-	-	(114)	(114)	-	-	(114)
Balance at 31 December 2023	**622**	**3,590**	**626**	**558**	**5,396**	**303**	**6,896**	**12,595**
Additions	-	246	-	-	246	2,744	-	2,990
Modification	-	-	-	-	-	-	124	124
Disposals / write-offs	(388)	(462)	(142)	-	(992)	(303)	-	(1,295)
Balance at 31 December 2024	**234**	**3,374**	**484**	**558**	**4,650**	**2,744**	**7,020**	**14,414**
Additions	-	281	-	-	281	-	-	281
Disposals / write-offs	-	(169)	-	-	(169)	-	-	(169)
Balance at 31 December 2025	**234**	**3,486**	**484**	**558**	**4,762**	**2,744**	**7,020**	**14,526**
Depreciation and amortization								
Balance at 1 January 2023	**(424)**	**(1,217)**	**(440)**	**(444)**	**(2,525)**	**(8)**	**(959)**	**(3,492)**
Depreciation and amortization for the year	(20)	(173)	(43)	(75)	(311)	(129)	(667)	(1,107)
Disposals / write-offs	-	24	-	114	138	-	-	138
Balance at 31 December 2023	**(444)**	**(1,366)**	**(483)**	**(405)**	**(2,698)**	**(137)**	**(1,626)**	**(4,461)**
Depreciation and amortization for the year	(24)	(464)	(40)	(62)	(590)	(39)	(652)	(1,281)
Disposals / write-offs	388	462	142	-	992	159	-	1,151
Balance at 31 December 2024	**(80)**	**(1,368)**	**(381)**	**(467)**	**(2,296)**	**(17)**	**(2,278)**	**(4,591)**
Depreciation and amortization for the year	(16)	(210)	(17)	-	(243)	(211)	(690)	(1,144)
Disposals / write-offs	-	75	-	-	75	-	-	75
Balance at 31 December 2025	**(96)**	**(1,503)**	**(398)**	**(467)**	**(2,464)**	**(228)**	**(2,968)**	**(5,660)**
Carrying amount								
At 31 December 2023	**178**	**2,224**	**143**	**153**	**2,698**	**166**	**5,270**	**8,134**
At 31 December 2024	**154**	**2,006**	**103**	**91**	**2,354**	**2,727**	**4,742**	**9,823**
At 31 December 2025	**138**	**1,983**	**86**	**91**	**2,298**	**2,516**	**4,052**	**8,866**

The intangible assets comprise of computer software and licenses.

(in thousands of Georgian Lari)

14 Other assets and liabilities

Other assets and liabilities comprise:

	31 December 2025	31 December 2024	31 December 2023
Other assets			
Other financial assets			
Settlement operations	149	543	511
Receivables from problematic borrowers	334	341	429
Accrued commission receivable on guarantees	198	168	273
Total financial assets	**681**	**1,052**	**1,213**
Other non-financial assets			
Repossessed assets	1,349	1,349	1,349
Prepaid expenses	493	440	284
Other	-	3	2
Total other non-financial assets	**1,842**	**1,792**	**1,635**
Total other assets	**2,523**	**2,844**	**2,848**
Other liabilities			
Other financial liabilities			
Settlement operations	1,423	170	200
Lease liabilities	3,697	4,464	4,711
Royalty payable	-	2,141	1,419
Other accrued liabilities	413	808	435
Total other financial liabilities	**5,533**	**7,583**	**6,765**
Other non-financial liabilities			
Provision for liabilities and charges	272	418	438
Accrued employee benefit cost	780	807	597
Total other non-financial liabilities	**1,052**	**1,225**	**1,035**
Total other liabilities	**6,585**	**8,808**	**7,800**

Set out below are the carrying amounts of lease liabilities and the movements during the years:

	2025	2024	2023
As at 1 January	4,464	4,711	5,275
Accrual of interest	142	157	157
Foreign currency translation	(167)	197	(37)
Payments	(742)	(725)	(684)
Modification	-	124	-
Lease liabilities at 31 December	**3,697**	**4,464**	**4,711**

15 Amounts due to credit institutions

Amounts due to credit institutions comprise:

	31 December 2025	31 December 2024	31 December 2023
Vostro accounts	2,035	3,128	8,630
Term deposits	109,473	107,280	101,202
Short-term loan from NBG	-	28,036	-
Total amounts due to credit institutions	**111,508**	**138,444**	**109,832**

As at 31 December 2025 the Bank has placements from two banks (31 December 2024: three banks; 31 December 2023: four banks) with carrying values that individually exceed 10% of equity. The gross value of these balances as at 31 December 2025 is GEL 85,903 thousand (31 December 2024: GEL 114,008 thousand; 31 December 2023: GEL 92,746 thousand).

Loans from the National Bank of Georgia in 2024 represented short-term GEL refinancing facilities used by the Bank to uphold its liquidity needs in GEL.

(in thousands of Georgian Lari)

16 Amounts due to customers

Amounts due to customers comprise:

	31 December 2025	31 December 2024	31 December 2023
Current accounts and demand deposits			
Retail	2,218	3,660	6,671
SME	25,164	13,864	14,187
Corporate	58,376	54,963	71,179
Total current accounts and demand deposits	**85,758**	**72,487**	**92,037**
Term deposits			
Retail	18,717	15,020	23,197
SME	4,285	4,049	4,049
Corporate	166,776	28,762	53,839
Total term deposits	**189,778**	**47,831**	**81,085**
Total amounts due to customers	**275,536**	**120,318**	**173,122**

As at 31 December 2025 the bank has customer's deposits balances with the amount of GEL 30,882 thousand (31 December 2024: GEL 21,135 thousand; 31 December 2023: GEL 13,474 thousand) that serve as collateral for loans granted by the Bank.

As at 31 December 2025 the Bank has placements from three customers (31 December 2024: one; 31 December 2023: two) with carrying value that individually exceed 10% of equity. The gross value of these balances as at 31 December 2025 is GEL 158,031 thousand (31 December 2024: GEL 15,242 thousand; 31 December 2023: GEL 43,979 thousand).

17 Other borrowed funds

Other borrowed funds comprise:

	31 December 2025	31 December 2024	31 December 2023
Borrowings from international financial institutions	56,866	70,186	39,233
Total other borrowed funds	**56,866**	**70,186**	**39,233**

As of 31 December 2025, the Bank maintains active borrowing agreements with three international financial institutions ('IFIs') (31 December 2024: three IFIs and National Bank of Georgia; 31 December 2023: three IFIs). For maturity analysis of other borrowed funds, see Note 27.

Changes in liabilities arising from financing activities are as follows:

	Other borrowed funds
Carrying amount at 31 December 2022	**57,050**
Redemption	(18,492)
Foreign currency translation	486
Other movements	189
Carrying amount at 31 December 2023	**39,233**
Proceeds from issue	47,201
Redemption	(16,751)
Foreign currency translation	266
Other movements	237
Carrying amount at 31 December 2024	**70,186**
Redemption	(18,781)
Foreign currency translation	5,225
Other movements	236
Carrying amount at 31 December 2025	**56,866**

(in thousands of Georgian Lari)

18 Subordinated debt

	31 December 2025	31 December 2024	31 December 2023
Subordinated loan from parent company	13,479	-	-
Total subordinated debt	**13,479**	**-**	**-**

On 31 December 2025 the Bank received USD denominated subordinated loan maturing in December 2035 from the Parent. Management believes that as of the origination date of the loan the interest rate on the loan was in line with market rates for similar instruments.

No equity conversion options are present in the subordinated loan agreement.

Changes in liabilities arising from financing activities are as follows:

	Subordinated debt
Carrying amount at 31 December 2023	**-**
Carrying amount at 31 December 2024	**-**
Proceeds from issue	13,479
Carrying amount at 31 December 2025	**13,479**

19 Equity

As at 31 December 2025 the Bank's share capital amounted to GEL 69,162 thousand comprising of 69,162,000 ordinary shares with nominal value of GEL 1.00 (2024: GEL 69,162 thousand comprising of 69,162,000 ordinary shares; 2023: GEL 69,162 thousand comprising of 69,162,000 ordinary shares). Each ordinary share entitles one vote to the shareholder.

The holders of ordinary shares are entitled to receive dividends as declared from time to time.

In accordance with Georgian legislation, dividends may only be declared by the Bank's shareholder from the net income as shown in the Bank's financial statements prepared in compliance with the NBG requirements. The Bank is obliged to officially inform the NBG of any dividends declared and the NBG reserves the right to suspend or restrict the disbursement of dividends should the Bank be in breach of the NBG regulations.

No dividends were declared or paid during 2025, 2024 or 2023.

20 Net interest income

Net interest income comprises:

	2025	2024	2023
Interest income			
Loans to customers	34,213	29,292	26,682
Bonds at amortized cost	4,886	6,042	6,511
Cash and cash equivalents	1,720	2,130	3,399
Investment securities	11	801	325
Total interest income	**40,830**	**38,265**	**36,917**
Interest expense			
Amounts due to credit institutions	(6,215)	(5,479)	(3,472)
Amounts due to customers	(6,014)	(5,686)	(4,567)
Other borrowed funds	(3,967)	(4,517)	(3,399)
Other interest expense			
Lease liabilities	(136)	(157)	(157)
Total interest expenses	**(16,332)**	**(15,839)**	**(11,595)**
Net interest income	**24,498**	**22,426**	**25,322**

(in thousands of Georgian Lari)

21 Net fee and commission income

Net fee and commission income comprise:

	2025	2024	2023
Fee and commission income			
Commission from guarantees	3,170	2,944	2,905
Settlement operations	148	369	421
Total fee and commission income	**3,318**	**3,313**	**3,326**
Fee and commission expense			
Settlement operations	(450)	(608)	(563)
Total fee and commission expense	**(450)**	**(608)**	**(563)**
Total net fee and commission income	**2,868**	**2,705**	**2,763**

The Bank applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

22 Expected credit loss

The table below shows the net ECL charges/(reversals) on the financial instruments recorded in the statement of profit or loss and other comprehensive income for the year ended 31 December 2025, 2024 and 2023:

	2025	2024	2023
Cash and cash equivalents	187	(108)	227
Loans to customers and factoring receivables	776	183	(269)
Mandatory reserves at the National Bank of Georgia	1	17	91
Bonds at amortized cost	46	(30)	125
Investment securities	(13)	(40)	47
Financial guarantees	(146)	(20)	72
Total expected credit loss	**851**	**2**	**293**

23 Personnel expenses

Personnel expenses comprise:

	2025	2024	2023
Salaries and bonuses	5,797	6,115	4,954
Pension contributions	68	71	65
Other compensation cost	460	300	450
Total personnel expenses	**6,325**	**6,486**	**5,469**

In 2025 the average number of employees by the Bank was 58 (2024: 60; 2023: 54).

(in thousands of Georgian Lari)

24 Other expenses

Other expenses comprise:

	2025	2024	2023
Depreciation and amortization	1,194	1,281	1,107
Professional services	844	591	381
Write-off of other receivables	672	-	-
IT Support	629	172	-
Subscriptions	341	100	137
Entertainment expenses	199	72	96
Communication and information services	150	533	517
Insurance expense	108	117	106
Travel expenses	82	80	35
Write-off of property and equipment and intangible assets	63	144	- -
Taxes other than on income	39	31	24
Royalty	31	774	919
Utilities	31	50	61
Repairs and maintenance	20	45	57
Penalty fee	20	31	95
Advertising and marketing	12	-	9
Office supplies	9	20	22
Donation	5	8	147
Termination fee	-	280	-
Low-value and short-term leases	-	115	186
Prepaid expenses write-off	-	-	180
Other	388	526	338
Total other expenses	**4,837**	**4,970**	**4,417**

Auditors' remuneration comprises of fees payable to the company's auditor for the audit of financial statements. Remuneration for the year ended 31 December 2025 comprised GEL 232 thousand (2024: GEL 231 thousand, 2023: GEL 242 thousand) (net of VAT).

25 Taxation

The corporate income tax expense comprises:

	2025	2024	2023
Current tax expense	**(3,710)**	**(2,794)**	**(4,344)**
Deferred tax (expense)/benefit			
Movement in deferred tax assets and liabilities due to origination and reversal of temporary differences	6	(29)	123
Deferred tax (expense)/benefit	**-**	**(29)**	**123**
Total income tax expense	**(3,704)**	**(2,823)**	**(4,221)**

In 2025, the applicable tax rate for current and deferred tax is 20% (2024: 20%; 2023: 20%).

Reconciliation of effective tax rate for the year ended 31 December:

	2025	%	2024	%	2023	%
Profit before tax	**18,038**		**15,146**		**20,845**	
Income tax at the applicable tax rate	**(3,608)**	**(20)**	**(3,029)**	**(20)**	**(4,169)**	**(20)**
Non-taxable differences	(96)	1	206	1	(52)	-
Income tax expense	**(3,704)**	**(19)**	**(2,823)**	**(19)**	**(4,221)**	**(20)**

Deferred tax assets and liabilities

Movements in temporary differences during the years ended 31 December 2025, 2024 and 2023 are as follows:

	Balance 1 January 2025	Recognized in profit or loss	Balance 31 December 2025
Property, equipment, intangible and right-of-use assets	(1,439)	112	(1,327)
Amounts due to credit institutions	(124)	48	(76)
Other liabilities	893	(154)	739
Net tax liabilities	**(670)**	**6**	**(664)**

(in thousands of Georgian Lari)

25 Taxation (Continued)

	Balance 1 January 2024	Recognized in profit or loss	Balance 31 December 2024
Property, equipment, intangible and right-of-use assets	(1,526)	87	(1,439)
Amounts due to credit institutions	(58)	(66)	(124)
Other liabilities	943	(50)	893
Net tax liabilities	**(641)**	**(29)**	**(670)**

	Balance 1 January 2023	Recognized in profit or loss	Balance 31 December 2023
Property, equipment, intangible and right-of-use assets	(1,342)	(184)	(1,526)
Loans to customers	(351)	351	-
Investment securities	(101)	101	-
Amounts due to credit institutions	-	(58)	(58)
Other liabilities	1,030	(87)	943
Net tax (liabilities)/assets	**(764)**	**123**	**(641)**

26 Capital management (unaudited)

The Bank's objectives when managing capital are (i) to comply with the capital requirements set by the National bank of Georgia and (ii) to safeguard the Bank's ability to continue as a going concern. Compliance with capital adequacy ratios set by the central bank is monitored monthly, with reports outlining their calculation reviewed and signed by the Bank's Chief Executive Officer and Chief Financial Officer. Other objectives of capital management are evaluated in line with the business developments and strategy upon request of stakeholders.

Basel III

In December 2017, the NBG has introduced approved amendments to the "Regulation on Capital Adequacy Requirements for Commercial Banks". Under the updated capital framework, capital requirements are divided into Pillar 1 Requirements for Common Equity Tier 1, Tier 1 and Regulatory Capital and additional buffers under Pillar 1 and Pillar 2.

Pillar 1

- The capital conservation buffer (which was incorporated in minimum capital requirements) is separated and set at 2.5%;
- A countercyclical capital buffer is currently set at 0.75%;
- A systemic risk buffer will be introduced for systematically important banks over the 4 years period.

Pillar 2

- A currency induced credit risk (CICR) buffer replaced conservative weighting for un-hedged FX loans denominated in foreign currencies;
- Concentration buffer for sectoral and single borrower exposure will be introduced;
- A net stress buffer will be introduced based on stress testing results provided by the Bank;
- A General Risk-assessment Programme (GRAPE) buffer defined by the regulator, based on the Bank's specific risks.

In addition, specific PTI (payment to income) and LTV (loan to value) thresholds were introduced based on the new methodology. Exposures that do not meet pre-defined PTI and LTV limits are subject to weighting at higher rates.

Under the current capital requirements set by the National Bank of Georgia, banks have to maintain a ratio of regulatory capital to risk weighted assets above a prescribed minimum level (Core equity Tier 1 ratio > 15%; Tier 1 ratio > 19% and Total capital ratio > 24%). Based on information provided internally to key management personnel, the amount of capital that the Bank managed was GEL 160,301 thousand as of 31 December 2025 (2024: GEL 146,026 thousand; 2023: GEL 134,058 thousand), regulatory Tier 1 capital amounts to GEL 157,786 thousand (2024: GEL 143,299 thousand; 2023: GEL 133,881 thousand), total regulatory capital amounts to GEL 157,786 thousand (2024: GEL 143,299 thousand; 2023: GEL 133,881 thousand) and the Bank have complied with all externally imposed capital requirements as at 31 December 2025, 2024 and 2023.

(in thousands of Georgian Lari)

26 Capital management (unaudited) (Continued)

The Bank's capital adequacy ratios for the year ended 31 December calculated in accordance with NBG Basel II/III requirements were as follows:

	2025	2024	2023
Total common equity and Tier 1 Capital	157,786	143,299	133,881
Total regulatory capital	157,786	143,299	133,881
Total risk-weighted exposures	615,110	562,399	508,950
Common equity Tier 1 ratio	26%	25%	26%
Trial 1 capital ratio	26%	25%	26%
Total regulatory capital ratio	26%	25%	26%
Common equity Tier 1 ratio minimum requirements	15%	14%	13%
Trial 1 capital ratio minimum requirement	19%	18%	17%
Total regulatory capital minimum requirement	24%	22%	21%

The risk-weighted exposures are measured by means of a hierarchy of risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

27 Risk management, corporate governance and internal control

(a) Corporate governance framework

The Bank is established as a bank in accordance with Georgian law. The supreme governing body of the Bank is the Supervisory Council. The Supervisory Council makes strategic decisions on the Bank's operations.
The Supervisory Council elects the Board of Directors. The Board of Directors is responsible for overall governance of the Bank's activities.

(b) Internal control policies and procedures

Management has responsibility for the development, implementation and maintaining of internal controls in the Bank that are commensurate with the scale and nature of operations.

The purpose of internal controls is to ensure:

- Proper and comprehensive risk assessment and management;
- Proper business and accounting and financial reporting functions, including proper authorization, processing and recording of transactions;
- Completeness, accuracy and timeliness of accounting records, managerial information, regulatory reports, etc.;
- Reliability of IT-systems, data and systems integrity and protection;
- Prevention of fraudulent or illegal activities, including misappropriation of assets;
- Compliance with laws and regulations.

Management is responsible for identifying and assessing risks, designing controls and monitoring their effectiveness. Management monitors the effectiveness of the Bank's internal controls and periodically implements additional controls or modifies existing controls as considered necessary.

Management believes that the Bank complies with the NBG requirements related to risk management and internal control systems, including requirements related to the internal audit function, and that risk management and internal control systems are appropriate for the scale, nature and complexity of operations.

(c) Risk management policies and procedures

Management of risk is fundamental to the business of banking and forms an essential element of the Bank's operations. The Bank's strong risk governance reflects the importance placed by Bank's Risks, Ethics and Compliance Committee on shaping the risk strategy and managing credit, financial and non-financial risks. All components necessary for comprehensive risk governance are embedded into risk organization structure: enterprise risk management; credit, financial and non-financial risks management; risk reporting and supporting IT infrastructure; cross-risk analytical tools and techniques such as capital adequacy management and stress-testing. The bank is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

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

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (Continued)

Management has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

Management is responsible for monitoring and implementing risk mitigation measures, and ensuring that the Bank operates within established risk parameters. CRO is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to Risk Committee of Supervisory Council.

Credit, market and liquidity risks, both at the portfolio and transactional levels, are managed and controlled through a system of Credit Committees and Risk Management Division and ALCO. Such control arrangements guarantee that the Bank takes informed risk-taking decisions that are adequately priced, avoiding taking risks that are beyond the Bank's established threshold.

Both external and internal risk factors are identified and managed throughout the organization. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Market risk arises from open positions in interest rate instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

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

The Bank manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions. These are monitored on a regular basis and reviewed and approved by management.

(i) Interest rate risk

Interest rate risk arises from potential changes in the market interest rates that can adversely affect the fair value or future cash flows of the financial instruments. This risk can arise from maturity mismatches of assets and liabilities, as well as from the re-pricing characteristics of such assets and liabilities. Interest margins may increase as a result of such changes, but may also reduce or create losses in the event that unexpected movements occur.

Interest rate gap analysis

Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the interest gap position for major financial instruments is as follows:

	Less than 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Carrying amount
31 December 2025						
Assets						
Cash and cash equivalents	158,048	-	-	-	-	158,048
Mandatory reserves at the NBG	49,327	-	-	-	-	49,327
Bonds at amortized cost	12,016	-	3,850	64,296	-	80,162
Loans to customers	101,820	70,512	72,063	54,825	26,838	326,058
Other financial assets	681	-	-	-	-	681
Total financial assets	**321,892**	**70,512**	**75,913**	**119,121**	**26,838**	**614,276**
Liabilities						
Amounts due to credit institutions	55,134	28,964	27,410	-	-	111,508
Amounts due to customers	155,592	40,382	64,737	14,825	-	275,536
Other borrowed funds	10,583	2,737	12,999	30,547	-	56,866
Subordinated debt	-	3	-	-	13,476	13,479
Other financial liabilities	1,945	151	306	2,652	479	5,533
Total financial liabilities	**223,254**	**72,237**	**105,452**	**48,024**	**13,955**	**462,922**
Net position	**98,638**	**(1,725)**	**(29,539)**	**71,097**	**12,883**	**151,354**

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

	Less than 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Carrying amount
31 December 2024						
Assets						
Cash and cash equivalents	47,606	-	-	-	-	47,606
Mandatory reserves at the NBG	40,896	-	-	-	-	40,896
Investment securities	2,976	-	-	-	-	2,976
Bonds at amortized cost	-	-	7,002	46,236	-	53,238
Loans to customers	83,826	72,089	74,167	67,543	25,976	323,601
Other financial assets	1,052	-	-	-	-	1,052
Total financial assets	**176,356**	**72,089**	**81,169**	**113,779**	**25,976**	**469,369**
Liabilities						
Amounts due to credit institutions	101,987	36,457	-	-	-	138,444
Amounts due to customers	92,601	8,116	18,144	1,331	126	120,318
Other borrowed funds	2,430	6,469	9,073	52,214	-	70,186
Other financial liabilities	3,229	152	308	2,668	1,226	7,583
Total financial liabilities	**200,247**	**51,194**	**27,525**	**56,213**	**1,352**	**336,531**
Net position	**(23,891)**	**20,895**	**53,644**	**57,566**	**24,624**	**132,838**

	Less than 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Carrying amount
31 December 2023						
Assets						
Cash and cash equivalents	77,287	-	-	-	-	77,287
Mandatory reserves at the NBG	35,988	-	-	-	-	35,988
Investment securities	5,876	5,662	-	-	-	11,538
Bonds at amortized cost	-	-	8,197	50,133	-	58,330
Loans to customers	83,602	92,556	26,139	53,598	14,592	270,487
Other financial assets	1,213	-	-	-	-	1,213
Total financial assets	**203,966**	**98,218**	**34,336**	**103,731**	**14,592**	**454,843**
Liabilities						
Amounts due to credit institutions	71,542	38,290	-	-	-	109,832
Amounts due to customers	126,009	17,128	20,658	9,048	279	173,122
Other borrowed funds	2,044	6,445	8,466	22,278	-	39,233
Other financial liabilities	2,239	135	273	2,356	1,762	6,765
Total financial liabilities	**201,834**	**61,998**	**29,397**	**33,682**	**2,041**	**328,952**
Net position	**2,132**	**36,220**	**4,939**	**70,049**	**12,551**	**125,891**

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

Average nominal interest rates

The table below displays average nominal interest rates for interest-bearing assets and liabilities as at 31 December 2025, 2024 and 2023. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2025			2024			2023		
	Average nominal interest rate %			Average nominal interest rate %			Average nominal interest rate %		
	GEL	USD	EUR	GEL	USD	EUR	GEL	USD	EUR
Interest bearing assets									
Cash and cash equivalents	6.25%	2.00%	0.80%	6.25%	2.75%	0.83%	8.99%	-	3.58%
Investment securities	-	-	-	8.83%	-	-	9.18%	-	-
Bonds at amortized cost	11.12%	7.75%	6.52%	10.90%	7.54%	-	12.63%	8.19%	-
Loans to customers and factoring receivables	12.58%	10.01%	7.69%	11.24%	9.27%	7.80%	13.05%	10.35%	8.07%
Interest bearing liabilities									
Amounts due to credit institutions	-	4.67%	3.31%	9.01%	5.10%	4.35%	-	4.84%	4.46%
Amounts due to customers	10.44%	3.82%	2.92%	8.36%	3.12%	5.05%	7.97%	3.25%	2.08%
Other borrowed funds	-	-	5.12%	-	5.85%	5.98%	-	6.39%	7.06%
Subordinated debt	-	8.75%	-	-	-	-	-	-	-
Lease liabilities	-	3.50%	-	-	3.50%	-	-	3.50%	-

Interest rate sensitivity analysis

The management of interest rate risk, based on an interest rate gap analysis, is supplemented by monitoring the sensitivity of financial assets and liabilities.

An analysis of the sensitivity of net profit or loss (net of taxes) to changes in interest rates (repricing risk, assuming that all other variables, such as foreign currency exchange rates remain constant) based on a simplified scenario of a 100 basis point (bps) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2025, 2024 and 2023, is as follows:

	2025	2024	2023
100 bps parallel fall	(151)	(148)	(163)
100 bps parallel rise	151	148	163

Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Bank constantly monitors that the NBG limits of currency positions against regulatory capital are maintained. The Bank has assets and liabilities denominated in several foreign currencies.

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

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

	EUR	USD	TRY	GBP	Total
Assets					
Cash and cash equivalents	119,368	15,283	12	380	135,043
Mandatory reserve at the NBG	24,355	25,081	-	-	49,436
Bonds at amortized cost	9,525	12,586	-	-	22,111
Loans to customers and factoring receivables	104,580	84,953	-	-	189,533
Other financial assets	7	253	-	-	260
Total assets	**257,835**	**138,156**	**12**	**380**	**396,383**
Liabilities					
Amounts due to credit institutions	55,313	55,823	-	372	111,508
Amounts due to customers	146,509	64,754	6	-	211,269
Other borrowed funds	56,866	-	-	-	56,866
Subordinated debt	-	13,479	-	-	13,479
Other financial liabilities	9	5,130	-	-	5,139
Total liabilities	**258,697**	**139,186**	**6**	**372**	**398,261**
Net position	**(862)**	**(1,030)**	**6**	**8**	**(1,878)**

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

	EUR	USD	TRY	GBP	Total
Assets					
Cash and cash equivalents	25,997	15,236	8	721	41,962
Mandatory reserve at the NBG	11,768	29,235	-	-	41,003
Bonds at amortized cost	-	14,182	-	-	14,182
Loans to customers and factoring receivables	85,756	88,335	-	-	174,091
Other financial assets	4	181	-	-	185
Total assets	**123,525**	**147,169**	**8**	**721**	**271,423**
Liabilities					
Amounts due to credit institutions	23,192	83,444	8	721	107,365
Amounts due to customers	33,575	56,107	13	-	89,695
Other borrowed funds	66,196	3,990	-	-	70,186
Other financial liabilities	312	6,517	16	-	6,845
Total liabilities	**123,275**	**150,058**	**37**	**721**	**274,091**
Net position	**250**	**(2,889)**	**(29)**	**-**	**(2,668)**

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2023:

	EUR	USD	TRY	GBP	Total
Assets					
Cash and cash equivalents	6,634	36,599	876	2,171	46,280
Mandatory reserve at the NBG	8,904	27,084	-	-	35,988
Bonds at amortized cost	-	17,574	-	-	17,574
Loans to customers and factoring receivables	104,212	69,039	-	-	173,251
Other financial assets	-	153	-	-	153
Total assets	**119,750**	**150,449**	**876**	**2,171**	**273,246**
Liabilities					
Amounts due to credit institutions	81,117	26,534	-	2,182	109,833
Amounts due to customers	11,116	108,800	931	-	120,847
Other borrowed funds	27,825	11,408	-	-	39,233
Other financial liabilities	39	5,962	11	-	6,012
Total liabilities	**120,097**	**152,704**	**942**	**2,182**	**275,925**
Net position	**(347)**	**(2,255)**	**(66)**	**(11)**	**(2,679)**

A weakening of the GEL, as indicated below, against the following currencies at 31 December 2025, 2024 and 2023, would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is on a net-of-tax basis, and is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2025	2024	2023
15% appreciation of USD against GEL	(124)	(347)	(271)
15% appreciation of EUR against GEL	(103)	30	(42)
15% appreciation of TRY against GEL	1	(3)	(8)
15% appreciation of GBP against GEL	1	-	(1)

A strengthening of the GEL against the above currencies at 31 December 2025, 2024 and 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(e) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank has policies and procedures in place to manage credit exposures (both for recognized financial assets and unrecognized contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor credit risk. The credit policy is reviewed and approved by management.

27 Risk management, corporate governance and internal control (continued)

The credit policy establishes:

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

For all loans to legal entities the Bank performs due diligence that focuses on the customer's business and financial performance.

Exposure to credit risk is also managed, in part, by obtaining collateral and personal guarantees. Valuation of collateral is performed by independent experts for loans mentioned above. The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and unrecognized contractual commitment amounts. The impact of the possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Credit-related commitments risks

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Bank monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Impairment assessment

The Bank calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, excluding the realisation of any collateral. It is usually expressed as a percentage of the EAD.

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

LGL The Loss Given Liquidation represents the percentage of the exposure that cannot be recovered from collateral liquidation if the exposure is defaulted.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The 12m ECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12m ECL are calculated on an individual basis.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12m ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from

Stage 2: When a loan has shown a significant increase in credit risk since origination or it is in overdue for more than 30 days, the Bank classifies the loan as Stage 2 loan and records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Retail clients' financial instruments are assigned Stage 2 category when an increase of Payment to Income ratio is greater than or equal to 10 percentage points than a standard defined by NBG requirements.

GEL	INCOME	Latest available PTI *	PTI increase =potential SICR**
	< 1500	>25%	>=10 p.p.
	>=1500	>50%	>=10 p.p.
USD	**INCOME**	**Latest available PTI**	**PTI increase =potential SICR**
	< 1500	>20%	>=10 p.p.
	>=1500	>30%	>=10 p.p.

Corporate clients' financial instruments are assigned Stage 2 category when Debt Service Coverage ratio is less than 1.2 and simultaneously a decrease of Debt Service Coverage ratio greater than or equal to 10% compared to original DSCR or when Debt to EBITDA ratio is greater than 4.5 and simultaneously an increase of Debt to EBITDA ratios is greater than or equal to 10% compared to original Debt to EBITDA ratio.

DSCR*** Latest Updated	DSCR Delta vs Origination
< 1.2	<=-10%

Debt to EBITDA Latest Updated	Debt to EBITDA vs Origination
> 4.5	>=10%

* Payment-to-income ratio.

The payment-to-income ratio assesses the proportion of an individual's income that is utilized to cover debt repayments. It is computed by dividing the total debt payments made by borrowers by their total income. This ratio is a critical metric used by the bank to evaluate the creditworthiness and repayment capacity of borrowers.

** Significant increase in credit risk.

*** Debt-service coverage ratio.

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

Definition of default and cure

The Bank's definition of default is based on quantitative and qualitative criteria. An instrument is classified as credit impaired if:

- Payments of interest, principal or fees by obligor are overdue for more than 90 days; or
- If a problematic restructuring of a loan took place, which otherwise would become defaulted; or
- There is an event which have a detrimental impact on the estimated future cash flows of the borrower endangering its ability to repay liabilities in full, when bankruptcy or insolvency proceedings of enforced liquidation have commenced or there is other evidence that payment obligations will not be fully met.

In terms of measurable indicators, following criteria are monitored as following:

For legal entities	Indicator
For sectors: Hotels, Energy, Real Estate Management	DSCR < 1.0 (recalculated on 15 years)
For other sectors	DSCR < 1.0 (recalculated on 10 years)

For retail clients	Indicator
Monthly net income (in GEL or FCY in GEL equivalent)	
< 1,500	PTI > 55%
>= 1,500	PTI > 70%

In case, above measurable indicators are met, the borrower is considered as defaulted and transferred into Stage 3.

Once financial instrument is classified to Stage 2 it remains so until following two conditions are met:

1. The financial instrument should fulfil requirements for Stage 1 credit risk category;
2. Overdue days and probation period conditions should be met.

A financial instrument is classified as Stage 1 risk category, if the following conditions are met:

- The payments are done on time or overdue days do not exceed 30 days;
- The borrower's liquidity, capital and loan repayment capacity is stable;
- The borrower is financially sufficiently strong to absorb medium level stress outcomes, and has enough liquidity to service all liabilities.

Improvement requirements for (both restructured and non-restructured) financial instruments, when financial analysis is not conducted:

Cure period for non-restructured Stage 2 financial instrument is 6 months, after which the instrument is classified in Stage 1 if during the probation period the financial instrument was in ≤ 30 days overdue.

Summary: Stage 2 → Stage 1 when ≤ 30 dpd during 6 months.

For restructured performing Stage 2 financial instrument the probation period is 1 year (if during the probation period the financial instrument was in ≤ 30 days overdue after which the instrument is reclassified to Stage 1).

27 Risk management, corporate governance and internal control (continued)

Summary: PF (Stage 2) → Stage 1 when ≤ 30 dpd during 1 year.

Cure period for non-restructured Stage 3 financial instrument is 6 months, after which the instrument is classified in Stage 2 if during the probation period the financial instrument was in ≤ 90 days overdue.
Cure period for non-restructured Stage 2 financial instrument is 6 months, after which the instrument is classified in Stage 1 if during the probation period the financial instrument was in ≤ 30 days overdue.

Summary: Stage 3 → Stage 2 when ≤ 90 dpd during 6 months. Stage 2 → Stage 1 when ≤ 30 dpd during 6 months.

For restructured Stage 3 (Non-performing Restructured) financial instrument the cure period is 6 months, after which the instrument is classified as Stage 2 (Performing Restructured) if the instrument was 31-90 days overdue during the cure period. As soon as the financial instrument is classified as Performing Restructured, starts one year probation period, after which the instrument is classified as Stage 1 if the instrument was not more than 30 days overdue during the probation period. If the instrument falls in 31-90 days overdue it remains in Stage 2. One year probation period starts from the last month when the instrument last recovered from 31-90 days overdue.

Summary: NPF (Stage 3) → PF (Stage 2) when 31-90 dpd during 6 months. PF (Stage 2) → PE (Stage 1) when <=30 dpd during 1 year.

Improvement requirements for non-restructured financial instruments, when financial analysis is conducted:

Apart from above mentioned probation periods of restructuring statuses, the category is possible to improve for financial instruments based on conducted financial analysis, specifically:

- Reclassify a financial instrument from Stage 2 to Stage 1 category:
  - When as a result of performed financial analysis of the borrower, requirements for Stage 1 (performing) conditions are fully met
  - And at the same time the last 3 consistent payments have been performed without overdue.
- Reclassify a financial instrument from Stage 3 to Stage 2 category:
  - When as a result of performed financial analysis of the borrower, requirements for Stage 2 (performing) conditions are fully met
  - And at the same time the last 3 consistent payments have been performed without overdue.
- Reclassify a financial instrument from Stage 3 to Stage 1 category:
  - When as a result of performed financial analysis of the borrower, requirements for Stage 1 (performing) conditions are fully met
  - And at the same time the last 6 consistent payments have been performed without overdue.

A financial instrument will no longer be considered restructured only if more than 1 year has passed since the restructuring and for the last 1 year of the financial instrument has been assigned Stage 1 credit risk category.

PD estimation process

For retail and corporate portfolios PD is estimated through macro model, which describes relationship between historical PDs for retail and corporate portfolios and macroeconomic variables such as real GDP growth and USD/GEL exchange rate. Based on estimation results and predicted macro variables provided by the NBG conditional retail and corporate PDs are forecasted. The model will be re-estimated annually and other macroeconomic variables will be incorporated if they improve explanatory power of the model. With the forecasted conditional PD's migration matrices are constructed, from which unconditional marginal PD's are calculated that are further adjusted by age of the instrument in the portfolio.

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

PD for stage 3 financial instruments is considered as 100%.

For the financial instruments, on which the Bank has surety from parent companies of the borrower, the Bank uses PDs of their parent companies.

Exposure at default

The exposure at default (EAD) is calculated differently for Stage 1, Stage 2 and Stage 3 financial instruments. EAD are reduced by cash cover amounts. Off-balance commitments are considered through Cash Conversion Factor (CCF), specifically by 100% for corporate commitments and 50% for retail commitments.

For Stage 1, the EAD is calculated as an outstanding amount of loans and off balance commitments taking into account CCF and cash cover amounts as of reporting date.

For Stage 2 financial instruments, the EAD is calculated for each contractual remaining year. EAD for each year is estimated as an outstanding amount by the reporting period minus the cumulative yearly principal repayments. The outstanding amount by the reporting period is calculated taking into account CCF and cash cover amounts. For Stage 3, the EAD is calculated as the outstanding amount of the instrument by the reporting date taking into account CCF and cash cover amounts.

Loss given default

For corporate and retail lending assets, LGD values are assessed annually. LGD is defined as the likely loss arising in case of a counterparty defaults for unsecured exposures. It provides an estimation of the exposure that cannot be recovered in a default event and therefore captures the severity of a loss. LGD rates are calculated for corporate and retail portfolios. LGD is statistically calculated based on historical loan recovery data and takes into account historical losses incurred on unsecured exposures. While calculation LGD outlier recoveries are excluded from the calculation. LGD is expressed as a percentage of the EAD.

Loss given liquidation of collateralized exposures (LGL)

LGL represents the percentage of the exposure that cannot be recovered from collateral liquidation if the exposure is defaulted. Loss Given Liquidation calculation takes into account LTV, adjusted by time to sale of movable and immovable collateral, real estate price index, EIR, and expected sales ratio of collaterals. For uncollateralized exposures LGL is taken at 100%.

Average LGL ratios are calculated for five LTV bands separately for retail and non-retail borrowers, which then are assigned to each exposure depending on the LTV band the exposure falls.

Sales costs calculation

The Bank considers following sales costs associated with sale of received collateral.

In case the Bank’s claim is over GEL 15,000, the Bank goes to Arbitration. For claims below GEL 15,000 the Bank goes to a Court.

Costs associated with Arbitration cases		
VAT	18%	When demand x 1.18 is less than collateral value, in such case VAT is calculated from demand and vice versa.
Arbitration fee	3%	Including VAT, NOTE: min prices is GEL 236 (Without oral Hearing) /GEL 590 (Based on oral hearing)/GEL 708 Oral hearing when composed of 3 arbitrators), max prices is GEL 15,000. The Bank has the following approach in contracts: when the claim is ≤ GEL 50,000 the Bank goes without oral Hearing (i.e. minimal price GEL 236), when the claim is > GEL 50,000 the Bank goes with an oral hearing consisting of 3 arbitrators (i.e. minimal price GEL 708).
Court of appeal fee	GEL150	
Fee paid to enforcement	2%	From the total request (principal + arbitration fee + court of appeal fee)
Commission taken by the enforcement bureau	5%	From the selling price in auction

27 Risk management, corporate governance and internal control (continued)

Costs associated with Court cases		
VAT	18%	When demand x 1.18 is less than collateral value, in such case VAT is calculated from demand and vice versa.
Court fee	3%	Min price: GEL 100, max price: GEL 5,000
Fee paid to enforcement	2%	From the total request (principal)
Commission taken by the enforcement bureau	5%	From the selling price in auction

Significant increase in credit risk (SICR)

The Bank continuously monitors all assets subject to ECLs. When assessing significance of increase in credit risk and whether the instrument is subject to 12m ECL or LTECL, the Bank compares the risk of default at the reporting date and risk of default occurring at the date of initial recognition. To identify significant increase in credit risk since initial recognition of the financial asset at individual financial instrument level, the Bank is undertaking the holistic analysis of various factors, including those which are specific to a particular financial instrument or to a borrower.

The analysis includes considering of quantitative and qualitative information based on the Bank's historical experience, credit risk assessment and forward looking information.

For individually significant exposures the Bank evaluates individually whether an objective evidence of significant increase in credit risk or impairment exists to recognise lifetime expected credit losses. Individually significant exposures are considered exposures to the group exceeding 1% of the tier I capital of the bank. The Bank collectively assesses loans that are not individually significant and loans that are individually significant but for which there is no objective evidence of significant increase in credit risk.

Individually significant loans

SICR identification process for individually significant exposures includes performing a qualitative test. To assess SICR for individually significant loans the Bank has established general trigger events for all types of exposures, specific trigger events for non-retail borrowers and specific trigger events for retail borrowers. General trigger events include but are not limited to:

- Deterioration of macroeconomic, regulatory, political or technological outlook relevant to particular or group of borrowers;
- Adverse changes in the sector or industry conditions in which borrower operates.

Specific trigger events for non-retail borrowers include:

- Deterioration of borrowers' financial performance that is quantified by adverse changes in financial coefficients;
- Being overdue more than 30 days but less than 90 days;
- Those restructurings which if had not been done would not lead to the instrument falling in more than 90 days overdue;
- Breaching the contract;
- Sale of crucial part of the business or property which is necessary for the borrower's profit making operations;
- Fraud in borrower's business, etc.

If significant increase in credit risk is identified, for lifetime ECL calculation it is assessed whether future cash inflows of the borrower are enough to cover the cash outflows for different scenarios. Analysis of cash flow of the borrower includes analysis of existing and forecasted trends of industry within which the borrower operates. The amount of impairment is measured as the difference between the carrying amount of the credit facility and the present value of estimated future cash flows, discounted at the credit facility's original effective interest rate. The estimated future cash flows will include any expected cash flows from the borrowers operations, any other sources of funds and the expected proceeds from the liquidation of collateral, where applicable.

27 Risk management, corporate governance and internal control (continued)

Collectively assessed loans

Non-retail exposures that are not individually significant are assessed for SICR based on overdue days (between 30 and 90 days) or whether they are restructured and deterioration of various financial coefficients (Payment To Income (PTI) and Debt Service Coverage Ratio (DSCR)).

Specific trigger events for retail borrowers include but are not limited to loan being overdue more than 30 days but less than 90 days, restructuring of an exposure which if would not be done would lead to the instrument falling in more than 90 days overdue, deterioration of PTI ratio, etc.

For the purpose of a collective evaluation of impairment, financial instruments are grouped within homogeneous pools on the basis of asset types – whether the instrument is retail or non-retail, and based on Loan to Value (LTV) ratio. On the basis of LTV ratios financial instruments are grouped into five LTV bands.

Writing-off of facilities:

The Bank has elaborated the methodology for writing-off of exposures towards the borrowers, specifically as following:

- Unsecured financial instrument is subject to be written off if overdue days exceed 360 days;
- Secured financial instrument is subject to be written off if overdue days exceed 720 days.

Treasury and interbank relationships

The Bank’s treasury and interbank relationships and counterparties comprise financial services institutions, banks, corporates and Georgian and Turkish governments.

PDs are assigned to issuers or banks according to external rating default rates. The minimum PD is set to 0.03% according to Basel. For Banks LGD is taken at 47.81%, according to the foundation approach of the Basel document. For corporate securities LGD is taken at 47.81%. EAD represents sum of some of outstanding principal and accrued interest in the case of securities, sovereign bonds and interbank exposures.

Forward-looking information and multiple economic scenarios

In its ECL models, the Bank relies on the following forward looking information as economic inputs, such as:

- Real GDP growth;
- Foreign exchange rates.

The Bank calculates ECL on an individual basis for all financial assets. ECL is calculated for three (baseline 50%, upside 25%, and adverse 25%) scenarios and weighted ECL is computed as a weighted sum of all three scenario ECLs.

The measurement of unbiased, probability weighted ECL requires inclusion of forward looking information obtainable without undue cost or effort. For forward-looking information purposes the Bank defines three macro scenarios. The scenarios are defined as baseline (most likely), upside (better than most likely) and downside (worse than most likely) scenarios of the state of the economy. To derive the macroeconomic scenarios, the Bank takes into account forecasts from the National Bank of Georgia.

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

The tables below show the values of the forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations:

The figures for subsequent years represent a long-term average and so are the same for each scenario as at 31 December 2025:

Key drivers	ECL scenario	Assigned probabilities,%	2025	2026	2027	2028	Subsequent years
Real GDP growth, %							
	Upside	25%	7.4%	6.0%	5.5%	5.0%	5.0%
	Base case	50%	7.4%	4.9%	5.1%	5.0%	5.0%
	Downside	25%	7.4%	2.0%	4.0%	5.0%	5.0%
GEL/USD exchange rate, % change							
	Upside	25%	0.0%	2.0%	3.0%	0.0%	0.0%
	Base case	50%	0.0%	0.0%	0.0%	0.0%	0.0%
	Downside	25%	0.0%	-20.0%	-10.0%	5.0%	5.0%

The figures for subsequent years represent a long-term average and so are the same for each scenario as at 31 December 2024:

Key drivers	ECL scenario	Assigned probabilities,%	2024	2025	2026	2027	Subsequent years
Real GDP growth, %							
	Upside	25%	8.7%	7.0%	6.0%	6.0%	6.0%
	Base case	50%	8.7%	4.9%	5.8%	5.7%	5.7%
	Downside	25%	8.7%	2.0%	3.0%	5.0%	5.0%
GEL/USD exchange rate, % change							
	Upside	25%	0.0%	2.0%	3.0%	0.0%	0.0%
	Base case	50%	0.0%	0.0%	0.0%	0.0%	0.0%
	Downside	25%	0.0%	-15.0%	0.0%	5.0%	5.0%

The figures for subsequent years represent a long-term average and so are the same for each scenario as at 31 December 2023:

Key drivers	ECL scenario	Assigned probabilities,%	2023	2024	2025	2026	Subsequent years
Real GDP growth, %							
	Upside	25%	6.0%	6.5%	5.5%	5.0%	5.0%
	Base case	50%	6.0%	5.0%	4.5%	5.0%	5.0%
	Downside	25%	6.0%	3.0%	4.0%	5.0%	5.0%
GEL/USD exchange rate, % change							
	Upside	25%	0.0%	3.0%	2.0%	0.0%	0.0%
	Base case	50%	0.0%	0.0%	0.0%	0.0%	0.0%
	Downside	25%	0.0%	-15.0%	0.0%	5.0%	5.0%

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

(f) Liquidity risk

Liquidity risk is defined as the risk that the Bank does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The liquidity policy is reviewed and approved by management.

The Bank seeks to actively support a diversified and stable funding base in order to be able to respond quickly and efficiently to unforeseen liquidity requirements.

The liquidity management policy requires:

- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Monitoring liquidity ratios against regulatory requirements.

The liquidity position is monitored by the Finance Management Division and the Risk Management Division. Under the normal market conditions, information on the liquidity position is presented to the management on a weekly basis. Decisions on liquidity management are made by ALCO and implemented by the Treasury Division. In addition, the Bank monitors on a regular basis the liquidity ratio calculated in accordance with the NBG requirements.

The following tables show the undiscounted cash flows on liabilities and credit-related commitments on the basis of their earliest possible contractual maturity. The total gross inflow disclosed in the tables is the contractual, undiscounted cash flow on the financial liability or credit related commitment. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

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

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow	Carrying amount
Non-derivative liabilities								
Amounts due to credit institutions	(14,853)	(40,507)	(29,281)	(28,045)	-	-	(112,686)	(111,508)
Amounts due to customers	(103,473)	(52,430)	(40,946)	(67,561)	(16,639)	-	(281,049)	(275,536)
Other borrowed funds	-	(11,509)	(2,921)	(14,110)	(32,500)	-	(61,040)	(56,866)
Subordinated debt	-	-	(596)	(602)	(4,180)	(20,056)	(25,434)	(13,479)
Other financial liabilities	(1,897)	(121)	(182)	(364)	(2,911)	(485)	(5,960)	(5,533)
Total financial liabilities	**(120,223)**	**(104,567)**	**(73,926)**	**(110,682)**	**(56,230)**	**(20,541)**	**(486,169)**	**(462,922)**
Credit related commitments	**(124,674)**	**-**	**-**	**-**	**-**	**-**	**(124,674)**	**-**

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

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

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow	Carrying amount
Non-derivative liabilities								
Amounts due to credit institutions	(45,489)	(56,928)	(37,234)	-	-	-	(139,651)	(138,444)
Amounts due to customers	(82,174)	(10,560)	(8,261)	(18,703)	(1,543)	(126)	(121,367)	(120,318)
Other borrowed funds	-	(3,706)	(6,985)	(10,950)	(57,244)	-	(78,885)	(70,186)
Subordinated debt	-	-	-	-	-	-	-	-
Other financial liabilities	(3,182)	(126)	(190)	(379)	(3,032)	(1,263)	(8,172)	(7,583)
Total financial liabilities	**(130,845)**	**(71,320)**	**(52,670)**	**(30,032)**	**(61,819)**	**(1,389)**	**(348,075)**	**(336,531)**
Credit related commitments	**(160,180)**	**-**	**-**	**-**	**-**	**-**	**(160,180)**	**-**

The maturity analysis for financial liabilities as at 31 December 2023 is as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow	Carrying amount
Non-derivative liabilities								
Amounts due to credit institutions	(48,825)	(22,980)	(38,970)	-	-	-	(110,775)	(109,832)
Amounts due to customers	(101,616)	(24,651)	(17,450)	(21,420)	(9,659)	(363)	(175,159)	(173,122)
Other borrowed funds	-	(2,465)	(7,369)	(9,531)	(23,862)	-	(43,227)	(39,233)
Subordinated debt	-	-	-	-	-	-	-	-
Other financial liabilities	(2,112)	(116)	(175)	(350)	(2,802)	(1,868)	(7,423)	(6,765)
Total financial liabilities	**(152,553)**	**(50,212)**	**(63,964)**	**(31,301)**	**(36,323)**	**(2,231)**	**(336,584)**	**(328,952)**
Credit related commitments	**(121,194)**	**-**	**-**	**-**	**-**	**-**	**(121,194)**	**-**

Term deposits included in the customer accounts are classified based on remaining contractual maturities, however, according to Georgian Civil Code, individuals can withdraw their term deposits prior to maturity, if they partially or fully forfeit their right to accrued interest and the Bank is obliged to repay such deposits upon the depositor's demand. Based on the Bank's deposit retention history, the Management does not expect that many customers will require repayment on the earliest possible date.

The table below presents these deposits by their remaining maturities as at 31 December 2025, 2024 and 2023.

	31 December 2025	31 December 2024	31 December 2023
Demand and less than 1 month	5,894	8,495	10,000
From 1 to 3 months	184	5,099	3,729
From 3 to 12 months	4,116	4,806	10,714
From 1 to 5 years	10,741	280	5,425
Total deposits	**20,935**	**18,680**	**29,868**

The Bank does not use the below undiscounted maturity analysis to manage liquidity as it shows contractual terms purely and disregard the actual expected behaviour of the instruments. Instead, the Bank monitors the liquidity gap analysis based on the expected maturities, for example undiscounted cash flow disclosure purposes, demand deposits are put in on demand bucket, while any of them can be considered in a different time bucket according to the actual expectations.

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

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

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
Assets							
Cash and cash equivalents	158,048	-	-	-	-	-	158,048
Mandatory reserves at the NBG	49,327	-	-	-	-	-	49,327
Bonds at amortized cost	-	12,016	3,850	64,296	-	-	80,162
Loans to customers and factoring receivables	28,202	73,618	142,576	54,825	26,837	-	326,058
Property, equipment, intangible and right-of-use assets	-	-	-	-	-	8,866	8,866
Income tax asset	-	-	-	-	-	369	369
Other assets	1,174	-	-	-	-	1,349	2,523
Total assets	**236,751**	**85,634**	**146,426**	**119,121**	**26,837**	**10,584**	**625,353**
Liabilities							
Amounts due to credit institutions	14,816	40,318	56,374	-	-	-	111,508
Amounts due to customers	103,450	52,143	105,118	14,825	-	-	275,536
Other borrowed funds	-	10,583	15,736	30,547	-	-	56,866
Subordinated debt	-	-	3	-	13,476	-	13,479
Deferred tax liabilities	-	-	-	-	-	664	664
Other liabilities	2,948	101	457	2,652	427	-	6,585
Total liabilities	**121,214**	**103,145**	**177,688**	**48,024**	**13,903**	**664**	**464,638**
Net position	**115,537**	**(17,511)**	**(31,262)**	**71,097**	**12,934**	**9,920**	**160,715**

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

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
Assets							
Cash and cash equivalents	47,606	-	-	-	-	-	47,606
Mandatory reserves at the NBG	40,896	-	-	-	-	-	40,896
Investment securities	2,976	-	-	-	-	-	2,976
Bonds at amortized cost	-	-	7,002	46,236	-	-	53,238
Loans to customers and factoring receivables	14,466	69,359	146,257	67,543	25,976	-	323,601
Property, equipment, intangible and right-of-use assets	-	-	-	-	-	9,823	9,823
Income tax asset	-	-	-	-	-	3,823	3,823
Other financial assets	1,495	-	-	-	-	1,349	2,844
Total assets	**107,439**	**69,359**	**153,259**	**113,779**	**25,976**	**14,995**	**484,807**
Liabilities							
Amounts due to credit institutions	45,444	56,543	36,457	-	-	-	138,444
Amounts due to customers	82,163	10,438	26,260	1,331	126	-	120,318
Other borrowed funds	-	2,430	15,542	52,214	-	-	70,186
Subordinated debt	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-		670	670
Other liabilities	4,353	101	460	2,668	1,226	-	8,808
Total liabilities	**131,960**	**69,512**	**78,719**	**56,213**	**1,352**	**670**	**338,426**
Net position	**(24,521)**	**(153)**	**74,540**	**57,566**	**24,624**	**14,325**	**146,381**

(in thousands of Georgian Lari)

27 Risk management, corporate governance and internal control (continued)

The table below shows an analysis, by expected maturities, of amounts recognized in the statement of financial position as at 31 December 2023:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
Assets							
Cash and cash equivalents	77,287	-	-	-	-	-	77,287
Mandatory reserves at the NBG	35,988	-	-	-	-	-	35,988
Investment securities	4,947	929	5,662	-	-	-	11,538
Bonds at amortized cost	-	-	8,197	50,133	-	-	58,330
Loans to customers and factoring receivables	22,783	60,821	118,694	53,598	14,591	-	270,487
Property, equipment, intangible and right-of-use assets	-	-	-	-	-	8,134	8,134
Income tax asset	-	-	-	-	-	74	74
Other assets	1,499	-	-	-	-	1,349	2,848
Total assets	**142,504**	**61,750**	**132,553**	**103,731**	**14,591**	**9,557**	**464,686**
Liabilities							
Amounts due to credit institutions	48,811	22,731	38,290	-	-	-	109,832
Amounts due to customers	101,601	24,408	37,786	9,048	279	-	173,122
Other borrowed funds	-	2,044	14,911	22,278	-	-	39,233
Subordinated debt	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	641	641
Other liabilities	3,184	90	408	2,356	1,762	-	7,800
Total liabilities	**153,596**	**49,273**	**91,395**	**33,682**	**2,041**	**641**	**330,628**
Net position	**(11,092)**	**12,477**	**41,158**	**70,049**	**12,550**	**8,916**	**134,058**

Compliance with covenants

The Bank is subject to certain financial and non-financial covenants under its borrowing arrangements with international financial institutions (see also Note 17). Non-compliance with such covenants may result in negative consequences for the Bank including mandatory prepayment and declaration of default. The Bank was in compliance with all covenants as at 31 December 2025, 2024 and 2023.

(g) Operational and business risk

Operational risk is the risk of loss arising from system failure, human error, fraud and external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures, such as the use of internal audit.

28 Credit related commitments

The Bank has outstanding credit related commitments to extend loans. These credit related commitments take the form of overdraft facilities.

The Bank provides financial guarantees to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The Bank applies the same credit risk management policies and procedures when granting credit commitments and financial guarantees as it does for granting loans to customers.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to perform as contracted.

(in thousands of Georgian Lari)

28 Credit related commitments (continued)

	31 December 2025	31 December 2024	31 December 2023
Contracted amount			
Undrawn overdraft facilities	-	-	48
Guarantees	124,674	160,180	121,146
Total credit related commitments	**124,674**	**160,180**	**121,194**

The total outstanding contractual credit related commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded.

Of these credit related commitments as at 31 December 2025 accounting GEL 115,040 thousand are to seven banks (31 December 2024: GEL 137,448 thousand, 31 December 2023: GEL 89,073 thousand). This exposure represents a significant concentration of credit risk exposure to the Bank.

All credit related commitments are allocated to Stage 1. ECL recognized for credit related commitments as at 31 December 2025 was GEL 272 thousand (31 December 2024: GEL 418 thousand; 31 December 2023: GEL 438 thousand) and there were no significant movements in ECL during the year.

29 Contingencies

(a) Litigations

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

(b) Operating environment

As an emerging market, Georgia does not possess a well–developed business and regulatory infrastructure that would generally exist in a more mature market economy. Operations in Georgia may involve risks that are not typically associated with those in developed markets. However, over the last few years the Georgian government has made a number of developments that positively affect the overall investment climate of the country, specifically implementing the reforms necessary to create banking, judicial, taxation and regulatory systems. This includes the adoption of a new body of legislation (including new Tax Code and procedural laws). In the view of the management, these steps contribute to mitigate the risks of doing business in Georgia.

The existing tendency aimed at the overall improvement of the business environment is expected to persist. The future stability of the Georgian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government. However, the Georgian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world.

(c) Taxation contingencies

The taxation system in Georgia continues to evolve and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities which have the authority to impose severe fines, penalties and interest charges. 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 substantially 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 the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

(in thousands of Georgian Lari)

30 Related party transactions

Pursuant to IAS 24 Related Party Disclosures, parties are generally considered to be related if the parties are under common control or one party has the ability to control the other or it can exercise significant influence over the other party in taking financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be made at the same terms, conditions and amounts as between unrelated parties.

(a) Transactions with the key management personnel

Total remuneration included in personnel expenses for the years ended 31 December 2025, 2024 and 2023 is as follows:

	2025	2024	2023
Short-term employee benefits	2,301	2,573	2,150

(b) Transactions with the related parties

As at 31 December 2025 the Bank's outstanding balances with related parties were as follows:

	Contractual interest rate	Immediate parent company	Entities under common control	Key management personnel	Other related parties
Assets					
Cash and cash equivalents	0%-1.9%	19,121	80	-	-
Loans to customers*	10.3%-13.0%	-	-	1,072	-
Liabilities					
Amounts due to credit institutions**	0%-4.8%	69,763	-	-	-
Amounts due to customers	0%-11.0%	-	-	424	4,732
Subordinated debt	8.8%	13,479	-	-	-

The Bank's income and expense items with related parties except from key management compensation for the year 2025 were follows:

	Immediate parent company	Entities under common control	Key management personnel	Other related parties
Income/(expense)				
Interest income	115	49	77	-
Interest expense	(2,854)	(10)	(13)	(355)
Fee and commission income	199	-	-	-
Other income***	1,011	-	-	-

As at 31 December 2024 the Bank's outstanding balances with related parties were as follows:

	Contractual interest rate	Immediate parent company	Entities under common control	Key management personnel	Other related parties
Assets					
Cash and cash equivalents	0%	17	94	-	-
Loans to customers*	10.8%-13.0%	-	-	570	-
Liabilities					
Amounts due to credit institutions**	0%-5.4%	70,908	-	-	-
Amounts due to customers	0%-11.0%	-	-	582	16
Other liabilities***	-	2,141	-	-	-

(in thousands of Georgian Lari)

30 Related party transactions (continued)

The Bank's income and expense items with related parties except from key management compensation for the year 2024 were follows:

	Immediate parent company	Entities under common control	Key management personnel	Other related parties
Income/(expense)				
Interest income	51	-	40	-
Interest expense	(1,333)	-	(10)	(362)
Fee and commission income	192	-	-	-
Other expenses***	(674)	-	-	-

As at 31 December 2023 the Bank's outstanding balances with related parties were as follows:

	Contractual interest rate	Immediate parent company	Entities under common control	Key management personnel	Other related parties
Assets					
Cash and cash equivalents	0%	906	38	-	-
Loans to customers	9.9%-16.0%	-	-	199	-
Liabilities					
Amounts due to credit institutions**	0%-4.3%	48,811	-	-	-
Amounts due to customers	0%-10.9%	-	-	134	3,923
Other liabilities***	-	1,419	-	-	-

The Bank's income and expense items with related parties except from key management compensation for the year 2023 were follows:

	Immediate parent company	Entities under common control	Key management personnel	Other related parties
Income/(expense)				
Interest income	-	-	37	-
Interest expense	(430)	-	(10)	(129)
Fee and commission income	101	-	-	-
Other expenses***	(919)	-	-	-

* Expected credit losses on loans issued to key management personnel amounted to GEL 7 thousand as at 31 December 2025 (31 December 2024: GEL 2 thousand; 31 December 2023: 1 thousand).

** The deposits from the immediate parent company as at 31 December 2025 mature according to contractual maturity as follows: GEL 69,763 thousand matures in less than 12 months (31 December 2024: GEL 70,908 thousand matures in less than 12 months; 31 December 2023: GEL 48,811 thousand matures in less than 12 months).

*** Other liabilities and expenses represent royalty fee payable to the immediate parent company for use of its accounting software prior to 2025. In 2025, the parties agreed to reduce the original payment amount due to the software not operating at the efficiency level initially expected. As a result, GEL 1,011 thousand was recognized as other income and the remaining balance was paid in cash in 2025.

As at 31 December 2025 financial guarantees issued to the immediate parent company amounted GEL 10,083 thousand (31 December 2024: GEL 21,594 thousand, 31 December 2023: GEL 9,372 thousand). As at 31 December 2025, ECL of GEL 1 thousand is recognised for the financial guarantees issued to related parties (31 December 2024: GEL 3 thousand; 31 December 2023: 1 thousand).

31 Fair value measurement

The estimates of fair value are intended 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 uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or transfer of liabilities.

Financial assets and liabilities not measured at fair value

For the financial assets and financial liabilities carried at amortized cost, the Bank assumes that the carrying amounts approximate to their fair value.

Fair value hierarchy

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

- **Level 1**: quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are value based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments. The table does not include the fair values of non-financial assets, non-financial liabilities and those financial assets and liabilities for which the fair value approximates carrying value.
As at 31 December 2025, 2024 and 2023, the Bank did not have any financial instruments measured at fair value.

32 Events after reporting date

Effective from January 2026, the amortised cost of the subordinated loan qualifies for the inclusion in the Tier 2 capital under the NBG Basel III requirements in amount of GEL 13,479 thousand.

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